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Thursday March 27 1980

***20p



LET THE GIN BE HIGH & DRY!



Really Dry Gin

BUDGET SUMMARY**'Enterprise' aid for small businesses**

ENTERPRISE PACKAGE including relief of capital gains tax, development land tax and small business concessions to cost £363m in full year. **ENTERPRISE ZONES** to be set up in areas of economic decay. About six of up to 500 acres. Cost of tax exemptions, allowances and simpler procedures up to £35m.

SMALL BUSINESSES receive concessions worth £160m in full year. Small companies' corporation tax cut from 42 to 40 per cent, with profits limit up from £60,000 to £70,000. Higher limit above that will 50 per cent rate applies, up from £100,000 to £120,000.

VENTURE CAPITAL SCHEME will allow investment losses in unquoted trading companies to be offset against income from April 5. Costs of business loan finance to be allowable for tax relief also for pre-trading expenses.

VAT REGISTRATION: Threshold up from £10,000 to £13,500 from today. Tax deduction scheme for construction industry to be simplified and eased.

DEMERGING to be encouraged by measures to ease tax charge on asset distributions concerned with genuine splitting off of businesses.

CAPITAL GAINS TAX: Exemptions increased to first £3,000 of individual's gains from April 6, rest taxed at 30 per cent. First £1,500 of trust's gains to be exempt instead of £500.

Moves on strike pay**SUPPLEMENTARY BENEFITS:**

Amount for strikers' families will assume striker receives £12 a week in strike pay or other means. In assessing the full tax refund to someone on strike will be taken into account instead of £4 a week as at present.

Unemployment benefit to be taxed from April 1, 1982. Benefits to strikers' families to be taxed from then. Scheme for employers to pay minimum level of sick pay to operate from same date.

Government considering how to bring remaining short-term benefits and invalidity benefit into income tax, at next uprising these will be increased by 5 per cent less than increase in prices.

Short term benefits to be on flat rate basis, with earnings related supplement withdrawn in 1982.

Child benefit up in November from £4 to £4.75 a week for each child, which will add £400m to public spending in full year.

Retirement pension up next November by £6.15 to £43.45 for couple and by £3.85 to £27.15 for single person, fully reflecting Government's estimated rise in prices. A £10 Christmas bonus will be paid.

Supplementary benefit up next November in line with projected price rises.

Additional payment to one-parent families up from £2.50 to £3.25 a week. Mobility allowance for disabled up by £2.50 a week to £14.50 next November. Family income supplement to be improved to extend help to further range of low-income families.

PRESCRIPTION CHARGES: Up to £1 from December 1, compared with present 45p. Increase to 70p already planned.

Excise duties up

ALCOHOL DUTIES: Up from today, adding about 2p to pint of beer, 8p to bottle of wine, and 50p to bottle of whisky.

TOBACCO DUTY: Increases to add 5p to packet of 20 cigarettes and nearly 4p on 25 gramme pipe tobacco pack.

PETROL: Prices up yesterday by equivalent of 10p a gallon. Rise in duty about 4p a gallon.

INDUSTRIALISED OIL: Up 0.5p a gallon to 8.5p.

VEHICLE EXCISE DUTY: Car licence up by £10 to £60 from today, with 20 per cent rise for lorries (30 per cent on heaviest).

Duty on electric vehicles abolished.

VAT: Total yield £12.45bn in 1980-81, first full year for 15 per cent rate. Higher penalties planned for late payment by large companies. Full rate planned for lubricating and certain other oils, now zero-rated. Excise duty and VAT changes will add just over 1 per cent to retail price index.

PETROLEUM REVENUE TAX: Up from 60 to 70 per cent from six months ending June 30. Advance payment of 15 per cent next March.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISSES	Royal Insurance	315 + 6
Excheq. 12pce 25...294 + 1	Royal Worcester	250 + 8
Allied Breweries 754 + 34	Whitbread A	143 + 7
Automobile Fdts. 82 + 6	BP	350 + 12
BICC 111 + 5	LASMO	452 + 20
Centrovincial 125 + 5	Guthrie	575 + 30
Clifford's Dairies A 94 + 8	Inch Kauth	235 + 12
Comb. Eng. Stores 36 + 3	Geevor	210 + 10
Commercial Union 130 + 4		
Distillers 205 + 2		
Fairview Estates 168 + 12	AB Electronic	142 - 4
Grand Met. 126 + 4	Appleyard	58 - 7
Hightland Distills. 126 + 6	Legal and General	184 - 6
Lloyd's Bank 298 + 8	Utd. Newspapers	363 - 7
Newmark (Louis.) 330 + 10	Coss. Gold Fields	260 - 10
Peterson Zoophants A 245 + 15	Impala	260 - 10
Pauls' and Whites. 131 + 6	North Broken Hill	144 - 10
Rock	Vaal Reefs	2241 - 15

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

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Really Dry Gin

**Real burden of income tax to rise • short-term benefits to be taxed****A new medium-term strategy**

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE REAL BURDEN of income tax will rise and public spending will decline in the next financial year, compared with the past 12 months, as a result of the measures announced yesterday by Sir Geoffrey Howe, the Chancellor of the Exchequer, in a two-hour Budget speech.

The Budget proposals form part of an entirely new medium-term financial strategy. This major innovation is intended to set short-run policy for the year ahead in the context of a published financial strategy over the four years.

The main theme of the speech and the first priority of the strategy is the need to secure a slowing in the rate of price inflation. This is to be achieved through a steady reduction of the rate of monetary growth, supported by plans for a cut in public spending and borrowing.

Sir Geoffrey stressed the view that restraint now would bring forward the day when sustainable economic growth was possible, while successful implementation of the strategy offered the prospect of lower interest rates in the future.

The tone and emphasis of the speech were markedly different from last June, when Sir Geoffrey presented his "Opportunity Budget" with its bold switch from direct to indirect taxation.

This time the stress is on "consolidation," a word which appeared a number of times in the speech. There are few risks: the broad

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fiscal and monetary balance is cautious and very much in line with expectations.

Indeed the measures slightly reverse some of last year's switch in taxation, as taxpayers will pay slightly more on average in real inflation-adjusted terms in 1980-81 than in the current financial year.

The increase in customs and excise duties leaves indirect taxes more or less unchanged in real terms.

Sir Geoffrey's caution is underlined by the "poor short-term economic outlook" indicated by the Treasury computer, but are still pretty gloomy about the prospects, with a continuing large (£23bn) current account deficit assumed.

Consumer spending may rise slightly as households are expected to reduce their high savings in response to a small decline in real incomes.

In his speech Sir Geoffrey said that it should be easier, consistent with a given monetary target and maintenance of reasonable interest rates, to finance public-sector borrowing in a recession.

But the continuing high level of inflation means that a cut in public-sector borrowing both in current prices and as a percentage of national incomes is imperative.

The Budget measures have the direct effect of cutting borrowing by £810m to £81bn in 1980-81. This is 3% per cent of gross domestic product in 1979-80 to 1% per cent in 1983-84.

After ignoring financial items such as sale of public-sector assets, these has also been

a tightening in the underlying fiscal stance. This is necessary to achieve the target slowing in monetary growth without putting too much burden on interest rates.

The present monetary target for a 7 to 11 per cent annual rate of growth of sterling M3, the broadly defined money supply is to continue, but from a new base of mid-April 1980 to mid-April next year.

The monetary target is projected to decline from a current 7 to 11 per cent to 4 to 8 per cent in 1983-84. Public-sector borrowing is projected to fall from 42 per cent of gross domestic product in 1979-80 to 14 per cent in 1983-84.

These projections are based on the cautious assumption of only a 1 per cent annual growth in total output after 1980.

Public spending to be cut by average of 1% a year

BY DAVID MARSH

THE GOVERNMENT is proposing further spending cuts which will reduce public expenditure volume progressively over the next four fiscal years by around an average 1 per cent a year.

It aims to make further cuts in the new fiscal year beginning next month. These will reduce 1980-81 spending beyond the plans announced last November, which aimed to stabilise spending in real terms at around the levels of 1979-80.

The progressive decline in spending, outlined in the Government's public expenditure White Paper, released yesterday, represents a substantial change from the plans of the Labour Government, which in January last year announced proposals for real increases in spending of around 2 per cent annually over the next few years.

Sir Geoffrey Howe, the Chancellor, said in yesterday's Budget speech that planned spending in 1980-81 would be reduced by a further £575m at current prices, after making allowance for a further £375m.

The UK's net contribution to the EEC—the main area from which Ministers had earlier hoped for spending cuts—is being projected hardly changed in 1980-81 at around £1bn. The

White Paper says savings would be increased by the reduction in Britain's contribution now being negotiated.

Total public expenditure for 1980-81, after making allowance for forecasts and special sales of assets, is now put at £265.5bn at 1979 survey prices, against £269.5bn in last November's short White Paper.

This amounts to a reduction of 0.6 per cent in real terms compared with the estimated outcome for 1979-80 of £269.9bn.

The Government is aiming for further real reductions in coming years, bringing the volume of spending in 1983-84 to 4 per cent below that for 1979-80. It says, however, that spending plans for later years can be expressed only in broad terms.

The White Paper projects rising spending on defence, law and order, health and social security over the medium term. Plans for industry, energy, trade and employment, housing, education and nationalised

industries borrowing have been substantially pruned.

Comparing his plans with those of the Labour Government, Sir Geoffrey said the reduction in spending in 1980-81 from the January 1979 proposals came to over £5bn at today's prices.

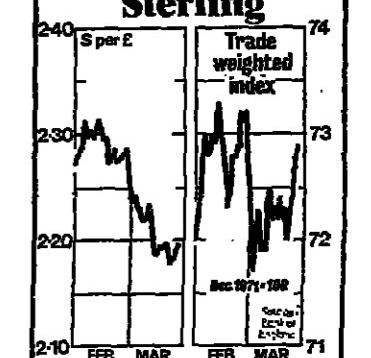
This was equivalent to the revenue that would be raised by an extra 7 per cent on the basic rate of income tax.

Expenditure in 1982-83, the last year covered by the previous government's plans, is estimated at nearly £5bn, in 1979 survey prices—below the figures given in January last year.

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incentive for dealing on specific price movements but the small incentive given to investors of way of increased capital gains tax allowances was seen as a hopeful sign for future trading volume.



£ in New York

Mar. 25 Previous

Spot 129.18/12.19/20.10 129.18/20.10

1 month 0.04ds 0.01p 0.07p 0.07p

3 mths 0.53-0.58p 0.51p 0.50-0.55p

12 mths 0.48-0.55p 0.50-0.50p

WHAT'S MADE TO KEEP THE PEACE ON THE FACTORY FLOOR?

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EUROPEAN NEWS

New Italian Government expected before Easter

BY RUPERT CORNWELL IN ROME



ITALY'S GOVERNMENT crisis, which helped force the postponement of next Monday's EEC summit in Brussels, is now all but over. A new administration, the 39th since the end of the war, is possible by Easter.

The possibility of an early solution turned into virtual certainty yesterday with a successful meeting between the ruling Christian Democrats and the Socialists. It sealed the conditions for the latter's return to government for the first time since 1974.

If, as also seemed likely last night, Sig. Francesco Cossiga, the Premier-designate, succeeds in drawing the smaller Republican party into a new coalition, his second government will command a comfortable majority, with 339 of the 630 parliamentary seats.

The government-to-be was being described yesterday as a bridging operation at least until this spring's important regional elections, and the series of summits, both EEC and of Western industrial countries, which Italy is due to preside over between now and June.

The unexpectedly speedy resolution of the crisis, which formally began exactly a week ago with the resignation of Sig. Cossiga's first administration, substantiates hopes that the Community summit which must tackle the vital issue of Britain's budget contributions, can be

ingness of the Socialists to join a Government. It was their refusal to continue abstaining that brought about the fall of Sig. Cossiga's first administration which lasted just seven months.

This willingness in turn reflects not only a tacit compromise between the Socialists' fending Left- and Right-wing factions, but various heavy outside pressures.

Foremost among them has been the insistence of President Sandro Pertini that a new Government be formed quickly so that Italy could carry out properly its heavy international responsibilities. At the same time, growing economic difficulties and renewed attacks by urban terrorists have further concentrated the politicians' minds.

A new Government is expected to be split almost equally between the Christian Democrats and their coalition partner (or partners) and the Socialists are likely to press for important ministries.

However, it has been achieved at the cost of an angry rupture between Christian Democrats and their traditional Social Democrat allies, this time excluded. Also friction between the two Socialist wings, over the key issue of relations with the powerful Communists, is likely to emerge again sooner or later and undermine a new Government's authority.

Sig. Cossiga: successful talks with Socialists

held by the end of April, as the UK is demanding and the Italians have promised.

Assuming that the tricky business of dividing ministerial posts between the parties, and the factions within them, can be speedily completed, Sig. Cossiga will be free to continue efforts at mediation between EEC governments over the budget issue.

That the crisis has been more quickly resolved than any before it is due to the new will-

Big payments deficit in February

BY PAUL BETTS IN ROME

ITALY'S OVERBALANCE of payments recorded a £225m (£460m) deficit last month, according to provisional figures released by the Bank of Italy. This compares with a £157m (£300m) deficit in February, 1979. In the first two months of this year, the payments deficit totalled £1.258m (£265m) against a surplus of £10.80m (£5.6m) during the same period last year.

Last month's result largely reflects the sizeable rise in raw material prices, particularly oil, coupled with a lower rate of increase in Italian export prices. Import prices have further risen as a result of the recent strengthening of the U.S. dollar

against the lira. There are also signs of declining Italian export competitiveness due to the acceleration of domestic inflation now running at an annual rate of more than 21 per cent. Imports have been rising as industry builds up stocks heavily as a hedge against future increases in raw material prices and a worsening of the lira-dollar exchange rate.

Although the latest payments figures confirm the growing difficulties facing the economy, there are no immediate fears of a new payments crisis.

The winter months have traditionally represented the worst part of the country's external position deteriorated by £360m last month.

annual economic cycle. But with the advent of spring when tourist receipts start flowing in again, the invisible account is expected to ease pressures on the balance of payments.

At the same time, the forecast slowdown in the country's economic momentum is expected to result in a lower rate of imports.

The Bank of Italy reported yesterday a rise in the net foreign indebtedness of Italian commercial banks. This rose from £7.302bn (£3.8bn) at the end of January to £7.393bn (£4.13bn) at the end of last month. The central bank's net external position deteriorated by £360m last month.

W. German investment optimism

BY JONATHAN CARR IN BONN

WEST GERMAN industrialists expect markedly lower rates of increase in production and sales this year and next after the buoyant results of 1979. But their investment expenditure will remain very strong for this year at least.

These are the main results of a survey of business planning in more than 350 representative companies carried out by the IFO economic research Institute of Munich and released today.

The institute cautions that the main data was received in December, before the new oil price increase and the intensification of the Bundesbank's

restrictive policies. So the current business attitude may be somewhat more pessimistic.

According to the survey, industrialists expect turnover to grow in nominal terms by 8 per cent this year and 5 per cent next after 11 per cent in 1979. Overall production is expected to rise by 2.6 per cent both this year and next—exactly half last year's growth rate.

The production growth rate for the key capital goods sector will probably be below the average for all sectors, while the consumer durables industry will register above average production growth.

At first sight, one curious result of the test is that businessmen are continuing to budget for heavy investment expenditure, although they expect an economic downturn before long. Investment expenditure is likely to rise by 15 per cent in nominal terms this year, after 14 per cent in 1979.

The explanation appears to be that growth of capacity is becoming less important as an investment motive, while rationalisation, energy-saving and techniques based on micro-processors are becoming ever more important.

Plan to boost power from coal

BY KEVIN DONE IN FRANKFURT

THE WEST German Government yesterday approved a major new coal supply agreement between domestic coal producers and the electricity supply industry, which will guarantee a growing captive market for the high-cost West German coal producers through to the final years of the century.

At the same time the agreement will open the way to increasing coal sales to West Germany during the 1980s from low-cost producing countries, such as Poland, Australia and South Africa. In the past, coal imports have been strictly controlled in order to protect the domestic mining industry.

The new agreement will mean that the present levels of coal burned in West German power stations of 33m tonnes a year of domestically produced hard coal will be increased to more than 40m tonnes a year in 1980 and over 47.5m tonnes in 1995.

The contract envisages that a total of 51m tonnes of home-produced hard coal will be burned in power stations over the next 15 years, the duration of the new agreement.

The pact between the coal producers and the electricity supply industry should help remove one of the major

obstacles to the development of more coherent West German energy policy, although both industries have emphasised that a much larger nuclear component will still be needed if West German electricity generating capacity is to be expanded quickly enough to meet expected rises in demand.

Dr. Dieter von Wurzen, State Secretary at the Federal Economics Ministry, said yesterday that the contract would give both the coal and electricity industries the security needed for long-term planning. It will also ensure, however, that West German electricity users will have to continue to subsidise high cost domestic coal production through their electricity bills.

Consumers have been paying an extra 4.5 per cent on their bills to take account of the price differential between heavy fuel oil and home-produced coal. This subsidy will be continued into the foreseeable future because of the further differen-

tial in costs between home-produced and imported coal. West German hard coal costs DM 173 or more per tonne compared with import prices in Hamburg or Rotterdam of only around DM 100 per tonne.

At present hard coal accounts for about 28 per cent of public utility electricity production in West Germany compared with 30 per cent by brown coal, 20 per cent gas, 14 per cent nuclear power, 5 per cent hydro power and 5 per cent oil.

The new contract should allow hard coal to hold this share in a rising market, but the electricity industry is still counting on nuclear power filling some 30 per cent of electricity demand by 1990.

Until now imported coal has been tightly restricted by the Federal Government, but the new pact will allow electricity producers to import one tonne of coal for every two tonnes of home coal burned up to 1987 and then one tonne of imported coal for one tonne of home coal burned after that date.

Statoil results, Page 30

On one Communist-run collective farm, "The Fifth of October," 53-year-old Francisco Espanhol is clear how he feels following one recent experience.

October," 53-year-old Francisco Espanhol is clear how he feels following one recent experience. Groups of local para-military police, two officials from the Ministry of Agriculture, and an ex-landowner who preferred to remain nameless came and expelled 63 men, women and children from a large farm house. The man was then handed a piece of paper which made him the legal owner of the house, a few animals and machinery, and about 356 acres of land.

"All that has happened here is that I've been given back what was robbed from me in the first place," the landowner said. But Francisco Espanhol takes a different view. "All we want is work and peace. But if they go on doing this we shall

go hungry. Then we'll fight."

The Fifth of October collective farm is named after the day in 1975 on which over 1,000 land-hungry peasants, caught up in the euphoria of the Portuguese Revolution, invaded one of the large estates then existing in south Portugal and declared it to be in "the hands of the people."

But, since the approval of the Agrarian Reform Bill in the summer of 1977, this trend has been dramatically reversed. An estimated 550,000 of the 2.5m acres of land expropriated following the revolution have been divided into smaller and more productive units and handed back to private ownership. Portugal's present Government has handed back approximately

75,000 acres, and has promised to complete the process by handing back another 625,000 acres by next October's general election.

But one of the immediate practical consequences of agrarian reform has been unemployment. Private farmers are aiming to maximise profits through the use of machinery and fertilisers, and do not want to be overburdened with excess labour.

According to local farm unions, the active working population in the Alentejo has dropped in three years from nearly 72,000 to less than 55,000, and this number is falling all the time. The Ministry of Agriculture estimates that between 20,000 and 30,000 rural labourers will be in

danger of being unemployed the pitch of left-wing opposition.

Until recently Portugal's tides in the region. The sheer frustration experienced by a growing number of landless peasants is finding its expression in more violent action. In recent weeks a number of wildcat strikes and demonstrations which have not been organised by the Communist-controlled farm unions have taken place.

Future stability in the Alentejo depends on the Government's ability to present a coherent policy of compensation for the farm workers who are in danger of being made redundant. The few cards which Sr. Francisco da Carneiro, the Portuguese Prime Minister can still play include a distribution of small plots of land among individual peasants, an ambi-

Statoil reveals big new field

BY FAY GJESTER IN OSLO

A NEW oilfield in Norway's sector of the North Sea probably contains 1bn barrels of oil, worth around \$30bn at today's prices. This was revealed by Statoil, the state oil company, at a news conference in Stavanger to present the company's annual report. The field, on "golden" block 34/10, will probably be declared commercial this year and could come on stream by 1986-87, the company said.

All the shares in the block are held by three Norwegian companies. Statoil has 85 per cent, Norsk Hydro 9 per cent and Saga Petroleum 6 per cent.

Meanwhile, Esso confirmed yesterday its intention to develop the small Odin gas field in Norway's sector.

Statoil results, Page 30

Marchais' campaign against EEC integration, and Spanish entry. The meeting between Sig. Berlinguer and M. Mitterrand comes at a time of sharply deteriorating relations between French Communists and Socialists.

M. Marchais has accused M. Mitterrand of joining a "gang of three" plot with the two government parties in a campaign against the Communists and M. Marchais, French Communist secretary-general.

Their "long and cordial" meeting in Strasbourg met a strong expression of disapproval from M. Georges Marchais, French Communist secretary-general.

Dropping his usual reference to his Italian counterpart as "my friend," M. Marchais said he had no objection in principle to such a meeting, but the time and place were ill-chosen.

The meeting coincided with the special session of the European Parliament, where a re-actionary and Socialist majority is preparing to deal a new, hard blow to France's peasantry and agriculture."

M. Marchais last met Sig. Berlinguer in January, just after the Soviet invasion of Afghanistan.

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CIVIL construction scheme, and support for the country's weak industrial sector. It is not going to be an easy task.

Turkey resumes repatriation of profits

By METİN MUNIR IN ANKARA

The Turkish central bank has resumed the repatriation of the profits of foreign companies operating in the country which lasted just seven months.

This willingness in turn reflects not only a tacit compromise between the Socialists' fending Left- and Right-wing factions, but various heavy outside pressures.

Foremost among them has been the insistence of President Sandro Pertini that a new Government be formed quickly so that Italy could carry out properly its heavy international responsibilities.

Although the central bank would not put a figure on the amount of profits awaiting transfer authorisation, they are understood to total about \$90m. Transfers will be made according to the date of application.

The Finance Ministry, which authorised the action, is believed to have been motivated by a desire to improve Turkey's relations with foreign companies operating in the country and to boost its international credibility.

This is in line with the Demirel government's policy of promoting foreign capital investments in Turkey and improving the investment climate.

Nearly all that is wrong with the CAP results from the fact that it operates mainly through transfer authorisation, they are understood to total about \$90m. Transfers will be made according to the date of application.

FAULTING THE common agricultural policy is becoming so easy—in Britain it is turning into a favoured national pastime—that its good points are often overlooked. In its aims and principles it is a perfectly reasonable system which has become an integral part of European unity.

That the system is currently working against this unity by pushing EEC economies further apart is more than a little unfortunate. Perhaps it is time to shoot the pianist. Certainly the piano is badly in need of tuning. But the instrument itself is still sound.

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OVERSEAS NEWS

Double blow to hope for accord on Palestinians

By Roger Matthews in Cairo

Egypt's CHANCES of reaching an agreement on Palestinian autonomy by May 26 suffered a dual blow yesterday with the defeat of President Jimmy Carter in two Democratic primaries and the blunt refusal by Israel to accept even a temporary freeze on building new Jewish settlements in occupied Arab land.

Despite these setbacks Egypt is going into the next full round of autonomy negotiations in Alexandria today expressing the belief that the talks will prove a critical test of Israeli intentions.

Privately, senior Egyptian officials are deeply pessimistic about the likely outcome.

They fear the weight of the Jewish vote in New York which helped to give Senator Edward Kennedy a startling victory over President Carter may serve to strengthen Israel's resolve to stick to its present policies, and also to lessen the chances of the White House putting pressure on the Jerusalem government.

President Carter has invited President Anwar Sadat and Mr Menahem Begin, Israel's Prime Minister, to Washington for separate talks next month, the results of which will be vital to the prospects of a more broadly based Middle East peace.

Mr. Sadat has already warned that he will reassess the whole situation if an agreement on Palestinian autonomy is not reached by the May 26 deadline.

Mr. Sol Liwowitz, the U.S. Middle East negotiator, had few words of cheer for Mr. Sadat when the two men met yesterday ahead of the Alexandria talks. Earlier this week in Jerusalem Mr. Liwowitz reportedly failed to make any progress with the Israelis and was firmly rebuffed on the controversial settlements issue.

The very least the Egyptians demand from the negotiations today is Israeli agreement to set up a special committee to define its security requirements.

Dr. Mustapha Khalil, the Egyptian Premier who will be leading his country's team, says that Israel has repeatedly evaded issues by quoting security reasons but has never defined what it means by "security".

Dr. Khalil added that if the Israelis still refused to discuss security at Alexandria, this would be proof that they did not intend to meet the May 26 deadline.

President Sadat and Mr. Linowitz are to meet again on Friday or Saturday after the conclusion of the Alexandria talks.

David Lennon adds from Tel Aviv: Mr. Ezer Weizman, Israel's outspoken Defence Minister, has hinted loudly that he may resign in May, and forecast that the Government would fall by the end of summer.

Apparently frustrated by the Government's stance in the autonomy talks, and angered by its settlement policy, the Minister told some Knesset (Parliament) members that the only thing he agrees with the Government about is the decision to build a new military aircraft, the Layte. Knesset members quote Mr. Weizman as saying he would "return and resign" after a visit to the Pentagon in May to wrap up the Layte arrangements.

Politicians expressed doubt that he would resign because he enjoys his job so much. They saw his outburst as an expression of pent-up frustration with the Cabinet's settlement decisions, and his growing isolation within the Herut Party.

New Zealand 'can expect little growth'

By DAVID WHITE IN PARIS

NEW ZEALAND can expect little economic growth this year, increased inflation, continuing high unemployment and a persistent balance-of-payments problem.

This is the outlook presented in the Organisation for Economic Co-operation and Development's latest report published today.

As long as there are no more sharp increases in oil prices, the economy may move on to a steadier course later in the year, it says, but weaker growth in other Western countries will hit New Zealand's export prospects.

Worsening terms of trade will probably wipe out any hope of improving on last year's NZ\$270m (\$290m) deficit in its balance of payments. Current account equivalent to about 3.5 per cent of gross domestic product.

Private investment is almost certain to be weak, the organisation says. Consumer price inflation is likely to rise to 16 per cent from 14 per cent last year, and total wages are expected to increase by 16 or 17 per cent.

Iran reduces oil exports to 600,000-700,000 b/d

BY SIMON HENDERSON IN TEHRAN

IRANIAN oil exports have fallen to between 600,000 and 700,000 barrels a day b/d over the past three weeks, as confusion mounts over oil pricing policy, according to officials here. Iran's oil is now the most expensive in the Gulf, and this is discouraging customers.

Reduced Iranian output will not in itself hit consumers, but with Kuwait, Libya and Venezuela all cutting production from April 1, it will help to strengthen the oil market.

Contractual obligations are apparently being met, and since

these run at an average of 1.1m b/d, it is assumed that 1980 first-quarter sales have mostly been completed. Such customers as British Petroleum and Shell, and 12 Japanese companies, which together take about 820,000 b/d, would not necessarily feel the pinch on supplies, since their tankers load only every seven to 10 days.

Iran's official price of \$31 a barrel is effectively increased to \$32.50 because of a \$3 surcharge on 50 per cent of the volume. This high price is making contracts with Iran unattractive.

The crunch will come on April 1, when new contracts become effective and old ones are off loaded further, to an admitted level of 2.7m b/d and an actual level, according to official but unpublished figures, of about 2m b/d.

It has been a guiding principle of all Iranian Governments since last year's revolution that exports must be cut back from the 6m b/d level of the Shah's regime, and the highest possible price must be obtained.

Production was initially cut back to 4m b/d, of which about

900,000 b/d was for domestic consumption. It has since dropped further, to an admitted level of 2.7m b/d and an actual level, according to official but unpublished figures, of about 2m b/d.

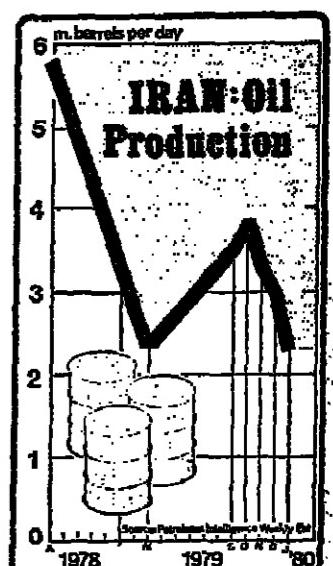
Central to the difficulties over pricing policy was a proposed further increase of the special surcharge. Mr. Ali Akbar Mojtahid, the Oil Minister, said on March 17 that it might be increased from \$3 to \$4.5 a barrel.

An indication of internal arguments of whether this

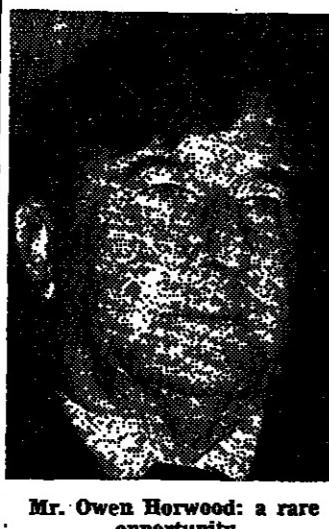
would price Iranian oil out of the market came during speeches on Petroleum Day in Tehran — the anniversary on March 20 of the oil industry's nationalisation in 1951.

Reference to the proposed increase was made in speeches both by Mr. Mojtahid and by President Abol-Hassan Banisadr, but on the evening's news programme, the President's remarks are said to have been edited out and Mr. Mojtahid's were not screened.

The issue is now said to be under debate in the ruling

**Expansionist South African budget pinned on private sector**

BY BERNARD SIMON IN CAPE TOWN



IN A strongly expansionary, but conservatively financed budget, announced on Tuesday, the Reserve Bank on Tuesday. Defence spending is to increase sharply.

The concessions include the abolition of the 7.5 per cent import surcharge and the authority's readiness to allow early repayment by certain South African borrowers of their foreign loans.

The stimulatory budget, which has been widely wel-

comed comes after a relaxation of private banks' credit ceilings. Mr. Horwood said the high gold price and earlier fiscal and monetary restraint had afforded South Africa "the kind of opportunity for sound economic expansion which comes along very rarely in the life of a nation."

Mr. Horwood's generous budget has been made possible by the contribution of gold to the balance of payments and government revenues. The current account surplus reached a record R3.1bn

(£17.2bn) last year, as against R1.5bn in 1978. Tax collections rose 30 per cent in the second half of last year; as a result of the strong balance of payments and domestic credit expansion.

None the less, the budget estimates appear to be based on a gold price well below current market levels.

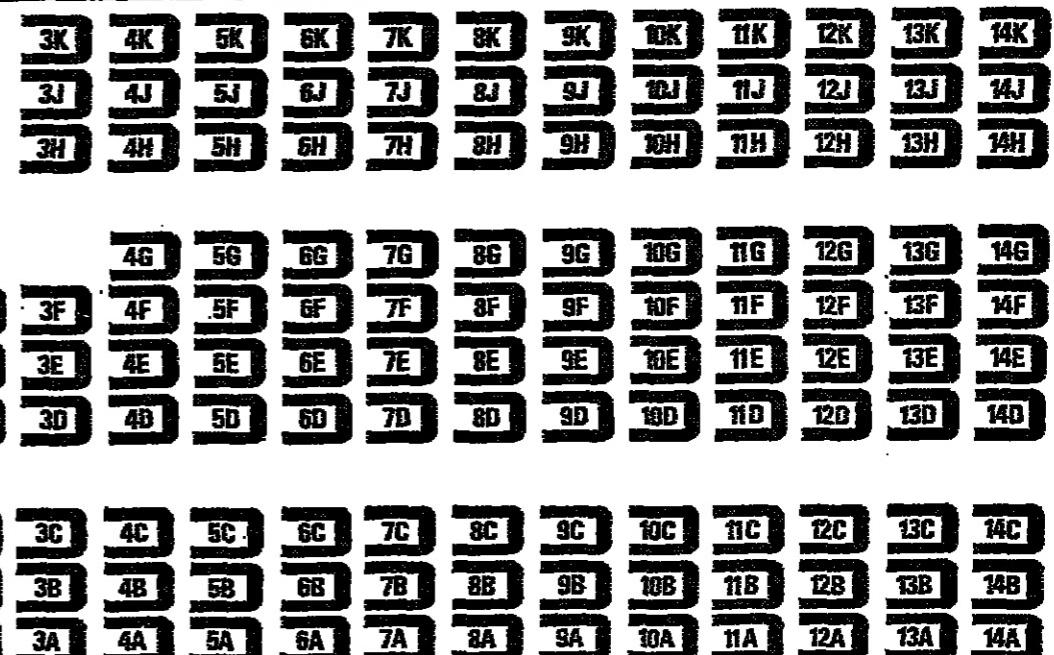
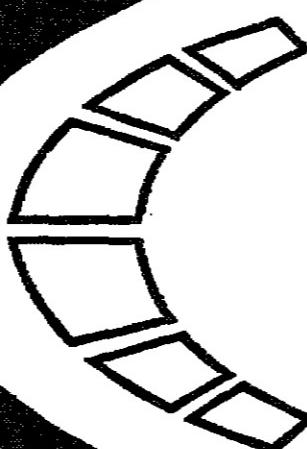
"I cannot emphasise strongly enough,"

Mr. Horwood said, "the need to guard against the danger of lapsing into a state of euphoria above the economy simply because the price of gold has risen to record heights in recent

months."

Despite generous tax concessions, Government spending is budgeted to rise by 14 per cent, the current inflation rate, during the coming year. Spending on black education will go up particularly fast. The borrowing requirement for 1980-81 will be R2.2bn, a 32 per cent increase from last year. The deficit will be financed, however, almost entirely by domestic loan issues. Foreign loans are budgeted to raise only R100m as against R277m borrowed abroad in 1979-80.

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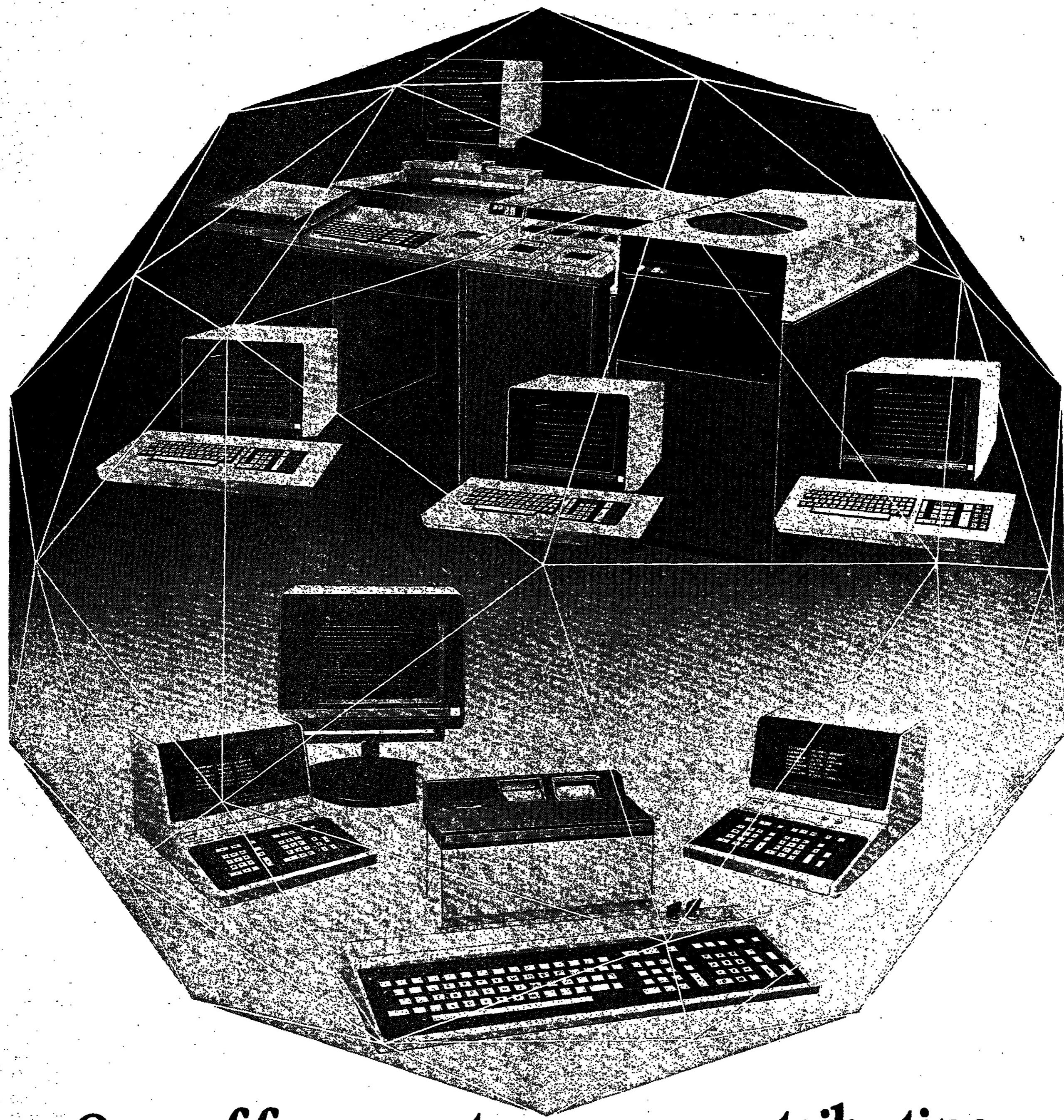
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WORLD TRADE NEWS

Radar hitch in Dassault development

By Terry Dodsworth in Paris

THE NEW Dassault 2000 combat aircraft, designed to become the spearhead of France's aerial defence and military export drive in the 1980s, has run into serious development problems on its radar systems.

These difficulties, confirmed by the French military authorities, mean that the aircraft will have to be delivered to the French air force in 1983 carrying only traditional radar devices.

The more advanced systems, considered essential by military experts and designed to detect low-level aircraft much more accurately than previously possible, will now not be fitted until 1985.

Other problems on the development of the 2000, notably with its engine and certain elements of its streamlining, appear to have been overcome. But there is little doubt that the delays on the radar front could still affect the aircraft's reputation overseas and thus exports, a field in which Dassault has been France's star performer in recent years.

It is partly because of the 2000's export potential, where it is designed to take over from the relatively successful Mirage F1, that the French air force is to take the aircraft without the new radar systems. Foreign orders, it is felt, will be easier to win once the aircraft is seen to be flying with the French colour.

On present plans, first deliveries of the 2000 to export markets could be made in 1984, although no orders have yet been taken and the French are not hopeful of winning any this year.

The main possibilities appear to be in the Middle East and Latin America.

Sharp decline in Soviet deficit with West

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION in 1979 significantly improved its terms of trade with the West on the strength of the higher world prices it charges its Western customers for oil and gas. The Soviet deficit with the West was cut to Roubles 700m (£483m) from Roubles 2.3bn (£1.59bn) in 1978.

In a report on the last set of annual trade figures to be issued before the announcement of U.S. economic sanctions, the Soviet newspaper *Ekonomiceskaya Gazeta* said that the West's share in Soviet foreign trade increased in 1979 to 32 per cent from 28 per cent in 1978. The combination of a sharp

rise in the value of Soviet exports, which sharply reduced the Soviet deficit with the West and the increase in trade turnover with the West would have signalled good prospects for East-West trade in the 1980s but it is not for the political crisis over Afghanistan.

As matters stand, however, there have been reports of problems in Soviet industry because of the development of spare parts shortages for sophisticated U.S. construction and computer equipment. The new uncertainty in East-West trade is also expected to complicate and slow down the formulation of the new 1981-85

Soviet five year plan. *Ekonomiceskaya Gazeta* reported that in 1979, Soviet foreign trade overall grew 14 per cent to reach roubles 80.3bn compared with roubles 70.3bn in 1978. The Western share of Soviet Trade, which reached a roubles 23.7bn against roubles 19.7bn in 1978, increased at the expense of the socialist countries whose share of Soviet trade dropped to 56 per cent from 60 per cent in 1978.

The growth of Soviet trade with the West was largely the result of a sharp rise in the value of Soviet exports to the West which totalled roubles 12.5bn compared with roubles

8.7bn in 1978. More than half of the volume of Soviet exports was accounted for by deliveries of energy products.

Soviet imports of Western products—principally machinery and equipment—also rose but less sharply. The newspaper reported that these imports reached Roubles 13.2bn, a 20 per cent increase over the 1978 total of Roubles 11bn. The deficit with the West of Roubles 700m was the lowest in at least the last five years.

As in past years, the reduction in Soviet deficit trade with the West was backed up by large surpluses with the Socialist countries and the Third World.

UK 'fails to compete' in Eastern Europe

FINANCIAL TIMES REPORTER

A REVIEW to be published shortly by the London Chamber of Commerce and Industry on the UK's trading performance with East European countries discloses evidence that, in this area, British industry is failing to compete seriously with its main rivals.

The review shows that in 1979 the only countries to

register an increase of more than 3 or 4 per cent in UK exports, compared with 1978, were the German Democratic Republic and Yugoslavia. However, UK imports from all countries except Bulgaria showed an increase, and thus the UK's deficits with the USSR, GDR and Czechoslovakia all grew while the trade surplus the UK enjoyed with

Poland, Hungary, Bulgaria and Romania fell.

This depressing picture, states the Chamber, is hardly encouraged by the fact that only a few major business projects have been won by British companies in Eastern Europe in the last year. In contrast, Britain's major competitors, including West Germany,

managed again to outsell comfortably the UK in most of the East European markets.

Against this background, the London Chamber is attempting to boost interest in this potentially lucrative area through a series of major trade promotions and conferences to take place throughout the year.

India, Russia in barter deal

By D. P. Kumar in New Delhi

INDIA WILL supply 500,000 tonnes of rice, worth about Rs 1.2bn (£87m), in exchange for Soviet crude and high speed diesel oil. The rice shipments are due to begin in June and end in December. The rice supply is intended to meet the food shortages in the Soviet Union following a bad crop this year.

Last year, India entered into a barter deal with the Soviet Union for supplying 200,000 tonnes of rice in exchange for crude.

SIEMENS, the West German electrical group, is to set up a joint venture with Hungary to produce electronic components—a move which should give East Europe access to much-needed knowhow in microelectronics.

The joint venture—Hungary is to have a 51 per cent stake—provides for the setting up of a plant in Szombathely which will produce so-called passive components, that is, more basic products such as condensors rather than more sophisticated microprocessor systems. Pro

part will serve Hungary's domestic needs. But the company made it clear yesterday that a significant part of the output could also be expected to be exported to other East European countries.

Eastern Europe has generally lagged behind the West in most areas of microelectronics. One of the problems for the East Europeans has been how to accommodate in their often rather rigid industrial structures something as revolutionary as a microprocessor.

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UK NEWS

Fibres sector may hit ICI petrochemicals

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE PROFITS of Imperial Chemical Industries' petrochemicals business could be seriously affected by the poor performance of the group's fibres sector. Dr. Rab Telfer, chairman of petrochemicals division, has warned.

Dr. Telfer told a divisional meeting of staff that the financial problems of fibres division could very easily become the problems of petrochemicals division." He said the future of a number of petrochemicals division works—including those at North Tees and the nylon works at Winton and Ardeer—depends almost entirely on fibres viability.

Large parts of petrochemicals' division's services works and olefins works were equally dependent on the performance of fibres division but staff "often failed to appreciate

this." Last year, fibres division had been the petrochemicals sector's biggest single customer and had accounted for 25 per cent of total sales.

Dr. Telfer said constant attack on costs—including manpower costs—was absolutely vital if petrochemicals division were to survive. Works managers had been asked to take whatever measures necessary. Dr. Telfer set an example by refusing to replace two divisional board members who left.

Last year ICI's fibres division showed a trading loss of £33m as compared to a loss of only £10m in 1978. One of the main reasons was import growth, particularly from the US. ICI has intensified its drive to bring manpower productivity in its fibres sector into line

with what it calls "international standards." A sum of £9m out of last year's total trading loss has been set aside for redundancy payments.

Dr. Telfer spoke of the "damaging effects" of fibres imports from the U.S. and said these were expected to continue this year "despite measures aimed at ameliorating" the problem.

The general difficulties likely to face ICI's petrochemicals division this year would be much the same as in 1979.

There was also the prospect of little increase in volume sales, following the delayed arrival of a recession.

Last year petrochemicals contributed more to ICI's group sales than any other division with £1,078m. The business turned in a trading profit of £98m.

'Deadline' for committee stage of Local Government Bill

BY ROBIN PAULEY

THE GOVERNMENT has apparently decided on the end of May as the deadline for completion of the protracted committee stage of the controversial Local Government and Land Bill.

The Opposition has been pressing for some time for the announcement of a timetable, but Mr. Tom King, Local Government Minister, has always refused.

It is understood that the Government has decided that if the Bill has not completed its committee stage before June it will have to be guillotined, although no formal announcement has been made.

The timing could turn out to be an astute move by the Government and could leave the Opposition in an embarrassing position.

Until the controversial section on new rate support grant propos

als was reached the Bill made rapid progress.

It has almost come to a standstill as protracted arguments continue about the clauses concerning block grant, which the Opposition and local authority associations see as a threat to local autonomy and a change in the constitutional relationship between local and central government.

Once this part of the Bill has been completed the rest is expected to pass quite easily until the plans to establish urban development corporations in the London and Liverpool docklands are reached. There is a limit to the delay that those sections can cause.

The committee is sitting in four sessions a week, compared with the initial two, and the Bill seems to have a good chance of being completed by the end of May. If it is, it

will disprove the Opposition's claim that important legislation is being rushed through without enough time for considered debate.

One of the Opposition's most useful members in the committee is Mr. Robert Cant, MP for Stoke on Trent, who combines a considerable knowledge of local government with an inexhaustible ability to speak at great length on any and every clause and amendment.

But it is doubtful whether he alone can use up enough time to prevent the completion of the 149-clause Bill before June.

When the committee stage is over the Bill will be referred back to the Commons for report and third reading before going to the Lords. It is here where some bitter opposition is expected, not least from some Tory peers with strong local government backgrounds.

Labour to discuss economy

BY ELLIOT GOODMAN

THE LABOUR PARTY will hold a special one-day national conference to protest against the Government's economic policies and draw up an alternative strategy of its own.

Judging by the discussion at yesterday's meeting of the national executive, the party could come under strong pressure from its rank and file to take a much tougher line on import controls.

The conference will be the first national meeting of its kind for five years, and will have the same powers to influence party policy as Labour's annual conference.

It represents the latest attempt by the unions to step up their fight against the Government. The idea was put forward by the Transport and General Workers' Union and was eventually approved unanimously yesterday by Labour's executive.

Angry

The conference will be asked to approve a statement on industrial and economic policy prepared by the national executive.

Yesterday, after a sometimes angry debate, it was agreed that a motion demanding the imposition of selective import controls on foreign cars be referred back to the home affairs committee. The motion proposed that foreign cars containing less than 40 per cent of British-made components should be banned from the British market.

Mr. Les Hockfield, who moved an amendment which would have stopped foreign cars not assembled in Britain being sold here after 1982, described the decision to refer the motion back as a "slap in the face for the lads in the motor industry."

At yesterday's meeting, Mr. James Callaghan, the party leader, also raised the question of Trotskyite infiltration of the party. He was told that the committee would be considering the whole question of groups within the party as a result of a motion passed at the last executive meeting.

Although the men did generally return to work, they were called out again two days

Steel output 'will not hit target'

BY ROY HODSON

THE SCRAP steel industry is forecasting that steel production in the 12 months after the current strike will fall below even the reduced target of 15m tonnes a year set by the British Steel Corporation.

Mr. Roy Roast, director of the British Scrap Federation, said yesterday: "We are very concerned about the future level of bulk steelmaking."

Mr. Gordon Cookson of the Yorkshire Scrap Association said he did not believe BSC would achieve anything like the 15m tonnes, and would be more likely to make about 12.5m tonnes. The corporation's output last year was over 16m tonnes.

The scrap industry's view of future iron and steel production

is supported to some extent by the British Iron and Steel Consumers Council, which is concerned that the high level of imports bought by British steel users in the first three months of 1980 will continue after the strike.

Some traders are seeking Government permission for a move to open a new trade with China. Mr. Tony Bird, president of the British Scrap Federation, is leading a consortium which wants to export 25,000-tonne shiploads of British scrap for Chinese mills.

British steelmakers have previously been reluctant to see British scrap freely traded overseas, saying that it is a recirculating source of raw material for the home industry.

The scrap traders feel that the stance cannot be maintained now that the total output of the British steel industry promises to be several million tonnes

below the original forecasts for the early 1980s.

A surplus of scrap is almost certain to occur among the British reclamation and trading companies in coming months. Emphasizing the need for new outlets to be found, Mr. Bird said: "What is the use of storing up mountains of rusting scrap in Britain which is not wanted?"

The scrap trade's position will deteriorate further if, after the strike, BSC decides to put its Hunterston DK (already reduced) ore material plant into production.

The plant, built a year ago, will use the ore as a direct competitor to steel scrap for charging electric furnaces.

Concern on holding of pickets

TWELVE steel pickets at the port of Ipswich—described as a regional strike leader as "the one gaping hole in the dyke as far as our blockade of British ports is concerned"—were arrested by the police on Tuesday night and held in custody for 16 hours before being released yesterday.

Eight were released "pending further inquiries" and four were bailed to appear in court next month to face allegations of criminal damage and being equipped to commit criminal damage.

Mr. Brian Connolly, Iron and Steel Trades Confederation co-ordinator for the strike over a region stretching from the East coast to Southampton, hurried to Ipswich from London when he heard of the trouble.

The incident happened at the West Bank container terminal in the port, where steel is believed to be flowing through regularly and easily into Britain.

Mr. Connolly said the situation in Ipswich was receiving national attention by the ISTC. He was having top-level talks with the Transport and General Workers' Union national co-ordinator, Mr. Ron Todd, to respect the steel embargo.

Guernsey bank deposits £1bn

THE FINANCE industry has become essential to Guernsey's economy. Mr. Alan Grut, president of the island's advisory and finance committee, told local MPs yesterday.

He was presenting the island's latest economic report which shows that bank deposits rose by about 25 per cent during 1979 to £1bn and that profits of the 43 deposit-taking institutions exceeded £13m.

BSC starts redundancy payments at Shotton

BY ROBIN REEVES, WELSH CORRESPONDENT

THE British Steel Corporation yesterday began paying out cheques averaging £7,500 to redundant steelworkers at its Shotton Works, North Wales, where iron and steel making is being ended with 6,420 redundancies.

In the next three days, 3,150 employees will receive severance payments which represent about 50 per cent of the money due to them, under the record £65m redundancy package negotiated just before Christmas for early closure. A further 3,000 staff

will receive cheques next week. The original timetable for the Shotton rundown has been interrupted by the national steel strike. But the wages and compensation staff were given special dispensation by their union to return to work three weeks ago to update the payroll.

BSC has issued a leaflet to coincide with the payments, urging those made redundant to put their cheques straight in a bank to pay off short-term debts, and keep only a small amount in current account.

APPOINTMENTS

British Airways Board post for Sir Leo Pliatzky

The Secretary for Trade has appointed Sir Leo Pliatzky as a part-time member of the board of BRITISH AIRWAYS from April 1, effective until November 30 to be in line with appointments of the other part-time members. After holding the post of Second Permanent Secretary in the Treasury, Sir Leo was Permanent Secretary at the Department of Trade until reaching the retirement age of 60 last year. He was responsible for the preliminary work leading up to the Civil Aviation Bill.

Mr. Peter McGrath is to join the board of CONCORD ROTAFLEX as group managing director from the beginning of April. Mr. McGrath was previously chairman and managing director of BL Components having been managing director of BL International. Mr. John Robb, a director of Concord Rotaflex, is to undertake the reshaping of the group's German interests and also be responsible for Belco, a member company. Dr. John Paxton, chairman of Linolite, a subsidiary of Concord Rotaflex, has been made a non-executive director of the parent concern.

PAULS AND WHITES FOODS has appointed, with effect from April 1, Mr. Jonathan Paul, regional director, eastern region; Mr. Laurie Wood, director and general manager, East Anglian area; and Mr. Michael Heath, general manager, Faversham area.

Mr. Samuel J. Lamzafame has been appointed managing director of ONEIDA SILVERSMITHS, a branch of Oneida Ltd. of the U.S.

Mr. Gordon Morrison, chairman of Barr and Stroud, has also been appointed chairman of PILKINGTON PLC. Both companies are members of the Pilkington Optical Division.

Mr. Harvey Dongray retires from the board of CENTURY OILS GROUP on March 31.

BAIN DAWES states that from March 31 Mr. Paul Watson is to retire at his own request from executive duty, but retains his board appointments. Mr. Brian Marsh will become chairman of a new UK division, with an executive committee of four managing directors: Mr. David

Rose, North: Mr. Tony Steven, Midlands; Mr. Jonathan Morley, Cooper, West: Mr. Terence Coulther, South and London.

senior partner on April 12, and at the same time Mr. George F. Barker will be joining the partnership.

Mr. John Simms has been appointed managing director of BASS IRELAND, an operating company of Bass UK from April 6. Since 1976 he has been group commercial accounting of Bass Limited.

Mr. Harry C. Bogger, senior partner of SPENCER THORNTON AND CO., stockbrokers, retires from the partnership on April 11. He will remain with the firm as an associated member. Mr. Derek S. Ridout will become

chief executive of that society from April 1.

Mr. Julian Langner has been appointed a director of GALLIC SHIPPING.

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UK NEWS - LABOUR

Clerical staff more militant

By PHILIP BASSETT, LABOUR STAFF

WHITE COLLAR workers' increasing readiness to take strike action is demonstrated in a survey carried out by the Department of Employment comparing the level of strike activity between different occupational groups.

The results of the survey, published yesterday in the Department of Employment Gazette, also show that white-collar workers' strikes are much more likely to be declared official by their unions than are manual workers' stoppages.

The survey claims that an analysis of strikers' occupations may be significant in understanding industrial relations issues. The survey examines both the frequency (number of strikes per 100,000 employees) and incidence (number of working days lost per 1,000 employees) of stoppages by occupational groups.

Metal and electrical, construction and mining and transport operating groups had the highest rate for both frequency and incidence.

Clerical and related staff showed an annual average loss of 22.7 working days per 1,000 employees over the period of the survey from 1966 to 1973. This is markedly lower than the 1,424 lost in construction and mining and the 369.6 in transport operating, but higher than the other major category of metal and electrical workers who lost 183.3 days.

The study shows, too, that managerial, professional, scientific, technological and clerical

strikes—all involving white-collar workers—are much more likely to be made official. Over the study period, 23.3 per cent of literary stoppages—mainly involving journalists—20 per cent of professional stoppages and 19.3 per cent of clerical stoppages were made official. This compares with 3.5 per cent in metal, 2.6 per cent in trans-

port and 0.3 per cent in construction and mining.

The increasing level of white-collar trade unionism and white-collar problems of union recognition is reflected in the causes of the stoppages. Apart from pay, trade union matters are the major cause for white-collar staff, who head the list

on the issue with 19.1 per cent of their stoppages.

The survey puts forward that women workers are less strike-prone, that strike activity is proportional to the extent of collective bargaining arrangements, and that labour turnover is a form of industrial conflict additional to collective strike action.

Steel strike has cost 5.5m working days

By OUR LABOUR STAFF

THE STEEL STRIKE caused the loss of more than 3m working days last month, according to figures released yesterday by the Department of Employment. This brings the number of days lost in the strike to more than 5.5m.

The number of working days lost last month rose nearly 18 per cent from 2,717,000 in January to 3,282,000 last month. Steel confirmed to account for about 94 per cent of the total, though, which indicates that the underlying level of strike activity continued the slight rise shown in January.

The underlying level is still comparatively low, though, with the only stoppages other than steel being listed as a six-week strike at a Glasgow typewriter factory

and a two-week strike by London dockers.

The department's gazette showed 145,500 workers have been involved in the steel strike in the first two months since it began on January 2.

The department said the numbers of workers laid off at plants and sites where others were on strike totalled about 11,000 in February.

It confirmed claims that the strike was not having the effect steel union officials thought it might by saying the number of workers laid off elsewhere due to the indirect effects of the steel strike were thought, on limited sample information, to have been small at the end of the month.

• The department also re-

ported that it seems as though the upward trend in employment in the three years to mid-1979 has ended.

The numbers of employees in employment in industries covered by the index of production industries, seasonally adjusted, show a steady fall from October to January of 8,935,000; 8,900,000; 8,889,000; and 8,826,000.

The department said a substantial fall—possibly more than 50,000—is expected in the December, 1979 estimate of employment.

Manufacturing employment has been falling faster in recent months. The department puts this down only in part to uncertainties arising from the steel and engineering industry disputes.

Squeeze on pay differentials 'did not damage motivation'

By NICK GARNETT, LABOUR STAFF

THE SQUEEZE on wage differentials in the years of pay policy under the last Labour Government did not have the damaging effect on motivation and industrial operation claimed by companies and some unions, according to a report by the Policy Studies Institute.

The report, based on studies

of a range of companies, says the erosion of differentials did not lead to any general decline in performance by managers or skilled workers.

It was a cause for considerable dissatisfaction, but in this it was far outweighed by other factors, particularly the misuse of manpower through poor

management, and trade union obstruction to promotion of craft workers into more technical and supervisory jobs.

The report by the institute, a privately funded research body, says the principal cause of dissatisfaction among experienced managers was lack of opportunity and lack of promotion according to ability. This was particularly noticeable in the public sector and in large private companies.

Job insecurity, limited promotion opportunities and mismatches between jobs, training and ability were the most important factors causing unrest among craftsmen.

Pay also generated real difficulties for this group and for senior white collar staff but this was not because of the erosion of differentials. Badly organised and overlapping pay structures, particularly between blue and white collar workers, discrimination in fringe benefits and failure to maintain pay comparability between companies was far more important.

Differentials erosion and high taxation was a real immediate problem for senior managers, says the report. During pay policy, however, the report chronicles an enormous expansion in fringe benefits for senior managers which to some extent overcame this.

In July 1974 the cost to an employer of superannuation and fringe benefits for supervisors as a percentage of average salary, together with bonus and commission was 17 per cent. For general managers, however, the corresponding figures rose from 16 to 37 per cent and for managing directors 12 to 36 per cent.

Pay protest may hit hospitals

By Our Labour Staff

MANY X-ray departments and other medical auxiliary services in Britain's hospitals are expected to be hit by industrial action by professional staff today.

The Association of Scientific, Technical and Managerial Staffs said yesterday it was expecting several thousand para-medical staff to join the union's day of protest and mass demonstration in London about their recent pay comparability award.

They would include radiographers, physiotherapists, speech and occupational therapists, the union said.

It is the first industrial action to be taken over a report by the standing commission under Professor Hugh Clegg.

The protest is about recommendations on working hours and call pay. Radiographers are said to be particularly angry at the suggestion they forego pay if they do not increase their working week from 35 hours to 37.

The Society of Radiographers, representing 98 per cent of National Health Service radiographers, said it would withdraw all but emergency services to take part in the protest.

Mr. Doug Hoyle, ASTMS president and organiser of the campaign, said it was "a measure of the strength of feeling" that a professional society should take full part.

The National and Local Government Officers Association, which also represents para-medical staff, is not joining in. It has described the action as "precipitate, though understandable."

Liverpool dock action to continue

By Pauline Clark, Labour Staff

A MASS meeting of Liverpool dockers yesterday voted to continue their strike over steel blacking for at least another week. They also repeated their call for total stoppage in all British ports.

At the 30-minute meeting in Liverpool Boxing Stadium, 4,000 of the striking 5,500 dockers decided not to meet again until Wednesday.

Representatives of several thousand auxiliary workers, including rigmen, dock gate men and clerical workers, also decided to maintain their strike in support of the dockers.

The dockers' decision followed the failure of talks with port employers on Tuesday.

The strike began last Friday after 100 dockers were told they would not be paid if they refused to finish loading steel on a Soviet ship.

National officers of the Transport and General Workers' Union have given the strikers official backing. The union says the 100 dockers were complying with an official instruction not to load steel for delivery elsewhere.

• Hull port was at a standstill yesterday as dockers held the first of weekly one-day strikes over pay. Employers have offered 15 per cent, but dockers want at least 18 per cent.

Ransomes and Rapier strike

PRODUCTION WAS brought to a halt at the Ipswich engineering firm of Ransomes and Rapier yesterday when the workforce of 500 held a one-day strike over a pay claim.

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THE FINANCIAL TIMES

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Incomes policy

From Sir Alan Neale.
Sir.—It is easy to get confused about monetarist doctrine. Friedman, Hayek and lesser lights tell us that reducing the rate of growth of money supply is a sufficient condition for reducing the rate of growth of costs and prices. But when prices continue to rise despite monetary constraint, ministers reproach us for not responding properly and now your leader of March 22 rebuked both sides of industry for "failure... to take any notice of a determined monetary policy."

It is not in fact hard to understand why there is no spontaneous response of the kind which the theory requires. The bargainers in the system are of very unequal power. Up against cash limits the strongest groups in the workforce will be more, not less, determined to secure enough at least to maintain their incomes in real terms; the threat that jobs will be lost will not deter them, because typically the lost jobs will occur in a quite different sector of the economy. Similarly some employers will have no great difficulty in passing on cost increases to the consumer and these will include not just the nationalised industries with strong monopoly positions but large parts of the service sector from solicitors and accountants to local hairdressers and plumbers. The sector facing international competition will be in difficulty but there is little evidence that this sector will set the "going rate".

Thus what we see is not a general trend downwards in the rate of growth of prices and incomes, but a depressingly high average level of increase in both, coupled with lower activity and employment and, above all, a marked widening of the differences in reward between the better protected and less protected sectors of the economy. This last feature of the present scene is totally at odds with the declared aim of favouring those who create the wealth on which all else depends.

Your leader warns against yielding to pressure now lest the credibility of monetary targets be destroyed for the future. But as instruments for bringing about a reduction in the rate of growth of costs and prices, restrictive monetary targets are not credible now. Although we are told that the policy must take time to work, there is little reason to suppose that its effects on wage bargains and price decisions will be markedly different next year than this, even with a sadly lower level of output. Unless it can be shown convincingly that a spontaneous response to monetary stringency will occur, despite my arguments to the contrary, it is clear

that an organised response will have to be found through a return to incomes policy.

(Sir) Alan Neale,
37, Stornton Road, NG.

Adjustment of pensions

From Mr. B. Webb Ware.
Sir.—Linking of any pensions, be they private industry or civil service to the going rate of inflation is no perk. A person retiring on something like half pay plus old age pension is hard enough put to live without the pound in his pocket shrinking at 20 per cent per annum.

Some correspondents have accepted that there are grounds for increases, but would limit these to say 5 per cent. In a dozen years of inflation at current rates a loaf of bread now costing 34p would cost over £3. Five per cent annual pension increases would give a pensioner 87p to pay for it.

Pensions cannot be funded to keep pace. The old age pension for a married couple is now £2,150 pa. In the same dozen years at 20 per cent inflation it would need to be £7,500 to have the same purchasing power and even this assumes that personal allowances for taxation purposes keep step. It would be interesting to ask any actuary to figure that on a national basis. If he could not fund the old age pension he could not fund any other pension.

In your issue of March 18, the director, public relations of the Post Office gave the interesting information that 75 per cent of the cost of a stamp goes in wages. That is to say that wages represented 18 per cent of the total 25 per cent increase in the charges for second class post.

In this considerable industry—and one wonders in how many others—the inflated charges borne by pensioners are largely due to the increases in wages paid to those in employment.

This is not the place to discuss the ethics of wage increases, but so long as they take place there is an unanswerable case that wage earners should bear the immediate cost of safeguarding the living standards of their retired comrades. This can be done, but it means a national switch from funded to pay-as-you-go pensions.

Funding has long been assumed to be a safeguard to ensure that money is available for pensions no matter whether the parent company or institution is solvent or not. The pension fund of direct interest to me has 42 per cent of its assets invested in equities. Has the asset value of any managed fund be it pension fund, unit trust or investment trust kept pace with inflation in the last decade any more than the FT Index? One is driven to the

conclusion that galloping inflation would bankrupt any fund.

Incidentally there is an implicit long term danger in reposing your trust in a pension fund. The existence of vast holdings of equities in the hands of pension funds must be an irresistible temptation some day to an unscrupulous Government for nationalisation by the back door, by taking the funds forcibly into its custody and handing out government paper in return like any other nationalisation operation.

B. Webb Ware,
Sloeberry Cottage, Graftham,
Nr. Petworth, Sussex.

The French way

From Mr. M. Street.

Sir.—Mr. S. Kirkham (March 18) asks whether it can be correct that contributions of 15 per cent of salary would pay for inflation-proofed pensions.

According to the last survey of occupational pension schemes, the total number of pensioners (including widows and dependants) is about 30 per cent of the total number of members. This is also the approximate ratio of the number of persons of pensionable age to the number of working age in the population as a whole. It is easily seen that if the members and their employers between them make contributions of 15 per cent, and if these contributions are immediately shared among the pensioners by the pay-as-you-go method, then the resulting pensions will on average be half the size of the current average salary of those who are working, and of course will rise as the current salaries rise.

The size of the pensions relative to current salaries depends only on the size of the contributions (15 per cent) and the proportion of pensioners (30 per cent). It does not depend on any assumptions about the future rate of interest or the future rate of inflation.

This is in fact the method used in the French scheme, which was started in 1947 by the Association Generale des Institutions Retraites des Cadres. It was extended in 1957, again in 1961 and finally in 1973 to cover all employees in the private sector. It is not confined to particular companies or occupations or industries. Every employee in the French private sector now contributes (by law) a fixed percentage of his salary and his employer pays a corresponding amount. The total contributions are immediately shared out among the pensioners, by an ingenious formula which takes account of each pensioner's past contributions in real terms. As the employees' salaries rise with inflation, so does the total income available for the pensioners. The scheme is self-financing and it is run by a large consortium of employers' associations and trades unions. The Government is not involved and the French taxpayer does not have to pay anything. The scheme is now being extended to cover the self-employed.

Setting up such a large scale scheme must present many difficulties, but the French seem to have overcome them and have made the system work. As a result, all private sector employees in France now have inflation-proofed pensions.

M. A. B. Street.

125, Thetford Road, New Malden, Surrey.

Letters to the Editor

of the trade. We are afraid though that your broadsides at the TSR may direct attention away from the real threat. We have seen all too often what Oriental companies can achieve when playing Europeans at their own game. Will you still be complaining about us when the FEFC has only 50 per cent of the trade, outsider shipping lines have 40 per cent and TSR still has 10 per cent? I wonder.

For my part, I am concentrating on holding onto my existing traffic, against the twin competitive fronts of the new outsiders and the conference lines who are slashing rates to stay competitive.

J. L. C. Sallons.

6th Floor, New Mercury House, SI-82 Farringdon Street, EC4.

Far East trade

From the Managing Director, Jeuro Container Transport (UK).

Sir.—I was most flattered to read (March 14) that the mighty OCL regards my company as a grave threat to its continental presence on the UK/Far East trade. I should like to put Sir Ronald Swaine's mind at rest, at least about our intentions.

Your figures show that OCL and its Far Eastern Freight Conference associates have 80 per cent of the trade. Also that Trans-Siberian Railway's fifteen licensed operators have 10 per cent between them. The 10 per cent balance is with "outsider" shipping lines, of which the most important are Far East based. Admittedly TSR will have the capacity to move 250-350,000 TEUs in the not too distant future but does Sir Ronald seriously expect it to attain that figure?

The FEFC itself points out that the Soviet rail and port charges are low. There are limits to the Soviet Union's need for "hard currency." Sojuzvneshtrans cannot reduce its rates much further without effectively subsidising transport between two capitalistic societies, one in Europe, the other in the Far East.

The eastern freight conference is under pressure to keep its rates down, arguably below break-even. TSR is being blamed but Sir Ronald knows as well as I do that the threat to his monopolistic structure comes not from Jeuro and the other TSR operators but from newcomer shipping lines based in the Far East. It is these companies that are threatening the FEFC's 80 per cent — and our 10 per cent for that matter.

Since these lines appear to be operating on strictly commercial grounds, however, they make poor targets for FEFC. TSR operators supposedly utilising a transport system heavily subsidised by the Soviet Union, are much easier to attack.

Sir Ronald, the TSR operators wish you well in your efforts to hold in your massive share

between relatively small-scale enterprises of the Far East Freight Conference and while the competition is held within bounds, this is a healthy phenomenon. For British shipping community in general and of the individual British exporter or importer are probably best served by the maintenance of this balance.

P. R. George,

Reading Cargo Centre, 5-9, Berkeley Avenue, Reading, Berks.

Trans-Siberian railway

From the Commercial Manager, Transec International Freight Services.

Sir.—I was interested to read the article (March 14) concerning the Trans-Siberian Railway. I wonder if I might make a number of comments on it?

It can hardly be surprising that the Trans-Siberian route is cheaper than the all-water route for a percentage of the cargo on offer. A glance at the map printed with your article will show that it is to begin with very much shorter, especially as regards traffic to and from Japan, and given the economies of long distance and volume movement by rail, it is not unreasonable to expect this route to be the most economic in a purely capitalist sense.

In addition, there is the situation of cargo to and from central and eastern Europe and most particularly southern Germany, Austria and Switzerland, to and from which areas the Far East Freight Conference offers shipments via Dutch or north German ports with a lengthy inland haul in the wrong direction to reach the source or destination.

Again, taking purely western economic standpoints it cannot be surprising that the TSR is an economical alternative to the all-water route. I believe that it is in this particular market that the Trans-Siberian route is particularly strong and that this section of the market accounts for a high proportion of the total carrying mentioned in your article.

Your article touches upon but does not go into any detail concerning the role of the licensed foreign forwarding companies who actually control and sell the through service via the TSR.

I feel that this does represent an interesting and encouraging side of modern Soviet business practice and that co-operation

between relatively small-scale enterprises of the Far East Freight Conference and while the competition is held within bounds, this is a healthy phenomenon. For British shipping community in general and of the individual British exporter or importer are probably best served by the maintenance of this balance.

P. R. George,

Reading Cargo Centre, 5-9, Berkeley Avenue, Reading, Berks.

there are rivalries between ships there are rivalries between hospitals; this is a friendly rivalry promotes good work. Consequently it is almost impossible to merge one hospital of 500 beds (e.g. Westminster) into another of about 1,000 beds (e.g. St. Thomas's) without creating a great deal of friction and unhappiness which damages the morale of each so that the quality of the work is impaired, probably for a long time.

Then there is the question of size: despite financial arguments, bigger does not necessarily mean better (as Dr. Carrick implies) and there are many of us who believe that the optimum size for many hospitals is still 1,000 beds.

Optimum size for hospitals

From Dr. R. Mackenna.

Sir.—Dr. David Carrick's article (March 16) entitled "A new assault on the teaching hospitals" merits more than the mere approval of your readers, and one hopes that it will produce a favourable reaction in politicians and in the appropriate Ministry.

Experience of working in several capacities in teaching hospitals in London and Liverpool from 1824 to 1868 taught me that the success of a really good hospital depends not only on the efficiency of the medical, nursing and technical staffs and of the administration, but of

what he did not know wasn't knowledge, then he must have known that in the 1870s Jowett, the Master of Balliol, was being accused of making the same claim. Certainly one would have expected Lord Curzon to know, for he was an undergraduate at Balliol at that time. Benedict Lewis.

13, Hillgate Place, W8.

Know it—it was Jowett

From Mr. B. Lewis.

Sir.—If, as Anthony Harris (Lombard, March 20) suggests, the sleek-haired, pink-faced Lord Curzon did ever claim that what he did not know wasn't knowledge, then he must have known that in the 1870s Jowett, the Master of Balliol, was being accused of making the same claim. Certainly one would have expected Lord Curzon to know, for he was an undergraduate at Balliol at that time.

Benedict Lewis.

Today's Events

UK: Dr. Rhodes Boyson, Education Minister, and Mr. Edward Heath speak at Conservative Students annual conference, Loughborough University.

Sir John Greenborough, Confederation of British Industry president, speaks at CBI South West region dinner, Bristol.

Mr. Richard Burke, Common Market Transport Commissioner, speaks at Bristol Chamber of Commerce.

Association of Metropolitan Authorities emergency meeting to discuss proposed local authority funding changes.

Prince Philip opens new Magistrates' Court, Cambridge.

Prince Charles opens "War exhibition," Imperial War Museum, Lambeth.

British Rail Property Board details financial performance for 1979.

Sir Frederick Wood, Croda International chairman and managing director, speaks at British Printing Industries Federation conference "Marketing against the odds," London.

Sir Peter Gadsden, Lord Mayor of London, lunches with Sir David McNee, Metropolitan

Police Commissioner, New Scotland Yard.

Institute of Production Engineers seminar on buying machine tools, London.

Your business and building seminar, Institute of Directors, London.

Camden Antiques Fair opens (until March 30).

Overseas: Mr. Francis Pym, Defence Secretary, opens British Aviation Equipment Exhibition, Shanghai (until April 5).

ECC Agriculture Ministers meet Brussels.

PARLIAMENTARY BUSINESS HOUSE OF COMMONS: Budget debate.

House of Lords: Criminal Justice Bill, third reading.

Companies Bill, consideration.

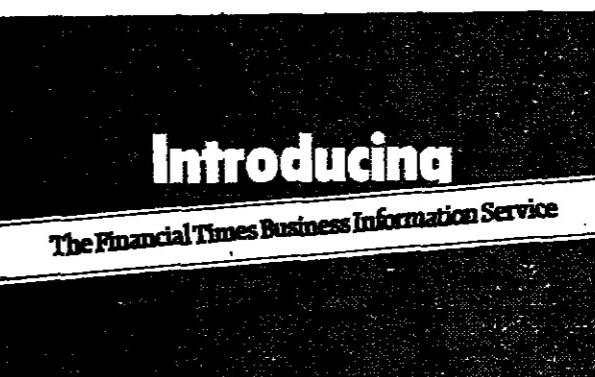
OFFICIAL STATISTICS Export Trends.

COMPANY MEETINGS Alcan Aluminium, 10, St. James Square, EC 2B. Associated Fisheries Savoy Hotel, WC 2. Beaumont Properties, 100, Old Broad Street, EC 2. Cardinal Investment Trust, 12, Laurence Pountney Hill, EC 1. Clifton Investments, 100, Gloucester Road, EC 1.

River Plate and General Investment Trust, 44, Bloomsbury Square, WC 1. Romsey Trust, 21, Moorfields, EC 2. Sterling Trust, Bucklersbury House, 11, Walbrook, EC 2. Tribune Investment Trust, 18, Leadenhall Street, EC 2. West Coast and Texas Regional Investment Trust, 20, Birch Lane, EC 12.

London Wall, EC 2. River and Mercantile Trust, 44, Bloomsbury Square, WC 1. Romsey Trust, 21, Moorfields, EC 2. Sterling Trust, Bucklersbury House, 11, Walbrook, EC 2. Tribune Investment Trust, 18, Leadenhall Street, EC 2. West Coast and Texas Regional Investment Trust, 20, Birch Lane, EC 12.

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THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

Media expenditure enjoys near-record quarter

In months to come, advertising agencies and the media will almost certainly look back on the first quarter of 1980 as a three-month interlude of almost unmatched prosperity.

In part, the bonanza owes much to the carry-over from last autumn's ITV strike. There is also the buoyancy of consumer spending and the return to publication of *Times Newspapers*, plus the fact that expenditure figures for the first quarter of last year were depressed by the road haulage strike.

Nevertheless, gains have been substantial. They show up best in figures for gross display expenditure at rate-card costs on Press and TV in the 350-odd product groups monitored by Media Expenditure Analysis.

Over the first two months of this year, combined MEA expenditure in the biggest category, department and retail stores, advanced by 29 per cent, to £12.65m, compared with the first two months of 1979. Spending on cars was 54 per cent higher, at £9.33m, and on direct

response mail order, 63 per cent higher at £8.65m.

Chain grocery and Co-operative, the category presumably hit hardest by last year's road haulage strike, was 234 per cent better, at £5.65m. Cigarettes, chocolate confectionery, and records, cartridges and cassettes, all showed gains of at least 40 per cent. Beer advertising, on the other hand, was only 10 per cent up.

Still on the subject of media, the latest Media Monitor from Footes Cone and Belding makes some strange and strangled noises on the subject of Britain's fourth television channel, the debate over which, says FCB, is a "complete red herring" of "utter irrelevance."

This, says FCB in its orbital prese, is just one of many reasons why the emotion and politics of the Channel 4 debate have been overtaken by events. The issue now, it says, is what impact satellites will have, how marketing and advertising strategies should be adapted, and how capable the domestic broadcast media will prove in defending their business against competition from outside.

Hi-ho.

Dunbee collapse forces Procter into talks

FACING A potential loss in excess of more than £250,000 following the collapse of Dunbee Combox-Marx, Gordon Procter and Partners is talking with other advertising agencies with a view to possible merger or take-over. It aims, it says, to "reinforce its image and strength."

The agency is also negotiating with the Dunbee receiver. Trouble loomed following Procter's major Christmas TV campaign for Pedigree Toys, which coincided with the Dunbee parent's last struggle for survival.

Procter's is Britain's 38th biggest agency. Billings last

year were a reported £10.66m. Major clients include Philips, for which it handles approximately £2.5m worth of business, Beechtree Gin, Nicholas Laboratories and Saudi Arabian Airlines.

It is said to be in talks with at least half a dozen other agencies, including Ogilvy & Mather and the Lopex Group, though managing director Laurie Cox-Freeman declined yesterday to specify names.

Meantime, the proposed take-over of the Savino agency by BDG, which is involved in the pitch for the Grundig account, has all the GEC Schreiber media business.

RESEARCH: A SURFEIT OF THEORY DEMANDS AN ANTIDOTE

Cold draught at the end of the pier

YOU PAY your money and take years—"capable of beaming pictures directly into the home, with accompanying sound-track in at least two languages."

The agency reports that at the present moment, politicians all over Europe are maintaining a low profile on this issue, and yet, in our view, it is inconceivable that CTV (Radio/Television Luxembourg's parent company), or any number of European Governments, will not see the enormous financial opportunities to be gained through launching a pan-European, direct-broadcasting satellite, with a potential audience of up to 200m people."

This, says FCB in its orbital prese, is just one of many reasons why the emotion and politics of the Channel 4 debate have been overtaken by events. The issue now, it says, is what impact satellites will have, how marketing and advertising strategies should be adapted, and how capable the domestic broadcast media will prove in defending their business against competition from outside.

serious, costly or inexpensive, public or private. It can be about trying to make people start doing things, go on doing them, or stop doing them.

"Happily, the trend is already away from the global approach to advertising theory. Formal psychological theorising in recent years has tended to make more progress by the development of mini-operational theories about small areas of behaviour, rather than vast comprehensive theories. A similar route seems appropriate for advertising theory. Essentially, it is suggested that progress can only be made by building, not theories of advertising, but theories of the specific behaviour upon which advertising is one influence."

However, as I observed at the beginning, in this particular

most researchers with the almost bullet-a-gate attitude towards advertising cost effectiveness adopted by Malcolm McNiven in the current issue of the Harvard Business Review.

Mr. McNiven is vice-president of marketing services for the Pillsbury Company, where he manages market research, advertising and consumer affairs. He was formerly a marketing vice-president at Coca Cola, and advertising research manager at E.I. Du Pont de Nemours.

Compared with the dampness of the average market research paper, Mr. McNiven comes across like a firebomb through the letterbox. "Considering the financial pressures on businesses today, it is remarkable that the advertising budget has received so little attention and examination by top management," he states categorically.

"This is partly due to the fact that many managers accept two basic axioms about advertising: first, that it is a necessary evil in their business expenditure, and second, that its effectiveness cannot be measured. Neither of these is true, since advertising—instead of being a financial burden—can provide the means to increase growth and wisely if used creatively and wisely. If addition, the productivity of advertising can be measured far more accurately than most managers expect."

In 1977, he says, U.S. business spent approximately \$44bn on main-media advertising. Much of this was spent by the top 100 advertisers, whose individual media budgets ranged from \$25m to \$500m. "These media expenses were usually equalled by the amount spent on consumer trade and promotion. In many cases, the advertising budgets exceeded the profit before tax for those companies, particularly for the packaged consumer goods companies."

Given budgets of those magni-

tudes, he says, a programme of "productivity improvements" can yield significant pay-offs. First, he insists, develop a budget strategy—then push hard for all possible cost reductions.

Once marketing objectives are set, he says, it makes sense to focus on advertising in the following three ways. Develop an advertising strategy to help

'Many managers accept two axioms: first, that advertising is a necessary evil; second, that its effectiveness cannot be measured. Both are wrong.'

—Malcolm McNiven

chase (plus 40 per cent). The emphasis was switched from trade-support to TV advertising and in terms of sales share and profit performance, says Mr. McNiven, the "outcome was a successful application of a total business approach to advertising."

With hardly a glance behind, he cuts his way through the thicket of advertising elasticities, statistical analysis, local tests and reach and frequency; then, arriving at a clearing in the jungle, takes a machete to the controversy of advertising cost reduction.

They are not going to vote him Adman of the Year. "Because of the complex and poorly understood nature of the advertising industry," he claims, "normal cost reduction programmes often bypass advertising in lieu of something more sensible such as production, distribution or office expense. However, there are many opportunities to reduce costs in the advertising area."

Delve deeply into how and what you pay your agency, he says. Hire outside consultants to explore production costs. Insist on proof of performance by the media.

If a company undertakes the programmes in a sensible way, and commits itself to accomplishing them, it is not unreasonable to expect a 5-20 per cent saving in the advertising and sales promotion budget," he claims.

He insists that productivity improvements will not harm advertising by stifling creativity: "Like any other productivity improvement programme, it must be carried out with sensitivity and a clear understanding of what is good for the business."

In contrast to the relative somnambulism of last week's Brighton conference, Mr. McNiven's views come across like a blast of cold air off the end of the pier.



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When it's seen on Southern—it sells £2.3m was spent last year on TV advertising in the leisure field. A big market. And one-seventh of all leisure products were bought in the South. A giant share of the market—and it's growing.

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Why the British Stand alone

BY ANATOLE KALETSKY

PIG-HEADEDNESS, insolence, greed-as far as most people in Britain are concerned, these are the only explanations for Europe's refusal to refund Britain's contributions to the EEC Budget. Whether they admire Mrs. Thatcher or detest her, practically all British voters applaud her efforts to "get their money back" from Brussels. This universal approbation seems to have convinced the Government that Britain's case is logically and morally irresistible. But it has left Ministers with nothing more solid than indignation and incredulity to fall back on when confronted with Europe's unanimous indifference to a case which seems, in the Chancellor's words, so overwhelmingly strong."

Now that the debate on the budget is postponed by the cancellation of the Brussels summit, it is worth reflecting not only on the intransigence of the French, but also on Britain's failure to win support from any of the other more "reasonable" EEC members, or even from any significant section of public opinion in any of these countries. Is it possible that Europe is not only ruled, but also populated, exclusively by xenophobic cynics, who are blind to the logical and moral imperatives of Britain's case? Or are Mrs. Thatcher's arguments less conclusive than they are generally assumed to be in Britain?

Mrs. Thatcher's original claim was very bald. Before last year's Dublin summit she insisted that Britain was entitled to a "broad balance" between contributions to, and benefits from, the EEC budget—as if these were a matter of pure logic. This line of reasoning may have impressed the British electorate, but it had made little impact elsewhere; after all, there is no known system of government budgeting in which each individual taxpayer is entitled to demand a balance between his tax payments and his consumption of state benefits.

Thus Britain's case requires another leg. It must be based on social justice, as well as pure logic. Britain is the EEC's third poorest country. Surely, then, it is unfair that it should be paying net contributions to immediate grievances while Britain is well on its way to turning some of its European partners into genuine allies.

On the other side of this coin is that a British Government which genuinely wished to steer the Community's fiscal mechanism in a more rational, or a more redistributive, direction would find plenty of support in the other member countries. Even in France and Germany support for the Common Agricultural Policy is by no means unanimous.

Britain could be marshalling the pressure groups strongly represented in the European Parliament, which wants to replace the present CAP with a more selective social policy, which could assist industrial, as well as agricultural areas facing hardship. But only by seeking reforms that could benefit the whole Community, instead of ad hoc responses to immediate grievances, will Britain be able to turn some of its European partners into genuine allies.

The GRAND NATIONAL meeting gets under way this afternoon at Aintree, where all but two of the races carry £4,000 or more of added prize money.

Given good weather and reasonably favourable results for punters on this opening day, the meeting could well attract its biggest attendance for many a year.

Twelve months ago, Ireland took the afternoon's feature

DEFENDING the EEC Commission against the accusation that its competition policy was losing much of its credibility and effectiveness, M. Raymond Vouel, the Commissioner responsible for it, said in the European Parliament recently: "I think that in general the current procedure ensures that a balance is kept between a firm's right to defend itself and the need to put an end to infringements of the competition rules as quickly as possible."

Last week Mr. Bastiaan Van der Esch, who is in charge of competition matters in the Legal Service of the Commission, did his very best to convince a group of distinguished legal practitioners from all member countries that they should put their trust in the fair-mindedness of the Commission's officials instead of insisting that a fair trial was best assured by the right of the accused to be heard.

Needless to say, Mr. Van der Esch did not succeed, and a report from the conference which was convened in Luxembourg by the International Association for the Study of Competition should be read by politicians who are responsible for community affairs but rarely take the trouble of seeing for themselves the bizarre convolutions to which the splendid idea of a Common Market is being reduced.

In order to be able to defend himself, the accused must first know what the accusation is. Again and again, however, it has been shown in the European Court that the Commission kept back important documents, particularly complaints which started the proceedings, and allowed the accused party to see only those bits which it considered "relevant." When asked what harm would result from also showing the accused party documents considered by the Commission to be "irrelevant," Mr. Van der Esch had no answer and said that the question was wrongly posed. The fact, of course, is that the Commission keeps two files on each case it investigates, and reveals to the accused party only one, keeping away much that could assist the defence.

It seems that the Commission does not only keep things secret from the parties but also from the Advisory Committee composed of competition experts representing member governments whose opinion the Commission is obliged to seek before taking a decision. In the Distillers case*, still pending before the court, the Commission failed to present the Advisory Committee with even the minutes of the hearing, but the Commission made available to the advisory committee the complaint lodged against Distillers by Bulloch, asserting that Distillers have a monopoly position.

On the basis of the material submitted by the Commission, Dr. Sauter, the representative of the Federal Cartel Office on the committee, came to the conclusion that "DCL is making rather a big demand in requesting an exemption for its system of quantitative distribution when it enjoys a monopoly

persevered in the double fallacy that this statement of Bulloch's was irrelevant and, consequently, should not be disclosed to Distillers.

In spite of this evident unfairness which has also been manifested in other cases, the Commission's spokesmen insist that the Commission's internal system of checks and balances

validity whenever sued in national courts for breach of contract.

Until recently, this uncertainty was believed to be only temporary though lasting many years until the Commission reached a decision. More recently, however, the Commission has adopted a new practice. It simply asks the companies to amend the agreement, or declares straight away that it does not intend to take any action. The notification is then put on the "dead" file—and the agreement remains provisionally invalid for ever. The Commission is finding more and more frequently that firms change their agreements and behaviour to comply with community competition rules of their own accord without a formal decision being taken.

said Commissioner Vouel in the European Parliament.

No great harm is done if the notification placed on a "dead" file is covered by one of the few agreements which are exempt from the impact of the competition rules. However, when this is not so the companies concerned are placed in the sort of untenable situation well illustrated by the series of French perfume cases^{**} now pending before the European Court. All the great names of France are involved—Guerlain, Rochas, Lanvin, Nina Ricci—as well as the French subsidiary of the

adversary. Yet the Commission is finding more and more frequently that firms change their agreements and behaviour to comply with community competition rules of their own accord without a formal decision being taken.

*30/78. f253/78; 1, 2, 3, 37/78.

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

position." However, Distillers were shown only a censored version of Bulloch's complaint from which all reference to their monopoly position had been removed, so that it had no reason to defend itself or change the solicitude which its officials have for the rights of the accused, are more than any defence could provide. Thus the inquisitors used to profess the greatest solicitude for the eternal salvation of those burning on the stake.

The denial of a proper hearing, and of other rights of the defence, concerns only a relatively small number of companies involved in investigations. A much greater number of companies suffer from the peculiarity rule that all agreements suspected of infringing EEC competition rules (and therefore, notified to the Commission) are provisionally invalid as long as the Commission has not cleared them or has granted an exemption. This means that a party to such an agreement can claim its In-

Irish can land Topham again

BY DOMINIC WIGAN

strongly made bay gelding, has improved a good deal since running sixth to Kilcloone on March 5, and will be seen to advantage over the stiff fences.

Thirty-five minutes after the Topham, the huge Irish contingent may be cheering home another from their country for Drumgora looks to be leniently treated with 10 st 8 lb in the Holiday Inn Chase.

Looking ahead to the Grand National, Playboy reports a £1,000 cash bet at 50-1 in one of their shops for The Pilgrim, whose odds have been slashed to 33-1. A runner in the last three Nationals, the Fred Truitt-trained Royal Buck gelding came close to winning two years ago when beaten less than three lengths by Lucius.

The Pilgrim is a half-brother to the dual Gold Cup winner and National hero of 1975, L'Escargot, as well as to What A Buck (sixth in 1977) and to Flitglove who got to the fourth from home last year.

The Pilgrim, still available at 40-1, is one of three Rimes runners. The Kinnersley trainer, responsible for the 1976 Grand National winner, ESB, Nicolas Silver (1961), Gay Trip (1970) and Rag Trade (1976), also saddles Royal Frolic and Another Dolly.

AIKTREE

2.00—Clayside
2.35—Giolla Deachair
3.10—Drumgora**
3.45—Prayukta
4.30—Rolls Rambler
4.50—Alick

STOCKTON

1.45—Our Fether
2.45—Saint Jonathan***
4.15—General Times*

event, the Topham Trophy, through Arctic Ale. It may well be that Giolla Deachair will do the trick for the invaders this year.

The Pilgrim is a half-brother to the dual Gold Cup winner and National hero of 1975, L'Escargot, as well as to What A Buck (sixth in 1977) and to Flitglove who got to the fourth from home last year.

Given good weather and reasonably favourable results for punters on this opening day, the meeting could well attract its biggest attendance for many a year.

Twelve months ago, Ireland took the afternoon's feature

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كائنات

THE ARTS

Leonard Burt
Robin Nedwell, Ursula Mohan and Peter Blake

Churchill, Bromley

The Promise

by B. A. YOUNG

It becomes increasingly evident that the success of Arbusov's play when it was first seen in Oxford and London was due to its glamorous casting—Ian McKellen, Ian McShane, Judi Dench. I don't mean that there's anything wrong with the casting at Bromley (Robin Nedwell, Peter Blake, Ursula Mohan); they fit admirably into their parts. But the more often I see the play, the emptier it

feels so, leaving without an overcoat on New Year's Eve in Leningrad (one of director Philip Partridge's few minor errors in a generally good production), and Marat moves in. Now Arbusov never believes in permanent emotional relationships. His heroes and heroines marry, divorce, live together, separate as casually as sparrows, and for me this makes it impossible to care about their affections. It can be argued that the theme of *The Promise* is not love and marriage but achievement of ambition; yet the machinery with which it is presented runs on love as its fuel. And as there could so easily be a fourth act in which Leonidik comes back after a literary success to oust Marat when his latest bridge falls down, the relationships of these three easily satisfied young people don't seem to matter all that much.

The final confrontation comes in 1958. Marat has built six bridges, apparently single-handed (Arbusov's characterisa-

Berlin Theatre

The Investigation

by RONALD HOLLOWAY

When the talented young stage director, Thomas Schulte-Michels, presented last year a daring production of Peter Weiss's *The Investigation* (*Die Ermittlung*) in the provincial town of Moers, near Düsseldorf, he had the current Maidanek Trial as a kind of frame-of-reference. The trial is still going on, and the revelations leaked at Düsseldorf still chill the blood as only news on the Jewish Extermination Camps can. Critics greeted the concept of a night-club "investigation" via talk-show gags, this-is-your-life puns, painted faces and gaudy costumes as the kind of eye-opener the provinces have become noted for in these days of unimpressive Staatstheater.

The Schulte-Michels version of *The Investigation* was invited to Berlin by Kurt Hubner, Intendant of the Freie Volksbühne, and became the focal-point of controversy. Heinz Galinski, the leader of the Jewish community in Berlin, protested against the director's "lack of taste"—and he was right. After a few days, the playwright, Peter Weiss

Record Review

Post-romantic orchestras

by DAVID MURRAY

Mahler: Symphony No. 9 Klaus Tennstedt / London Philharmonic. EMI SLS 5188 (two records).

Schoenberg: Gurrelieder. Jessye Norman, James McCracken, Tatiana Troyanos, Werner Klemperer and Kim Scowen with Ozawa/Boston Symphony. Philips 6768 038 (two records).

Debussy: 3 Nocturnes. Ibéria (Images No. 2). Jeux. MaaZel/Cleveland Orchestra. Decca SXL 8904.

Berg: Violin concerto. Stravinsky: Violin concerto. Izhak Perlman with Ozawa/Boston Symphony. DG 2351 110.

Transcriptions of Debussy. Berg and Schoenberg. Boston Symphony Chamber Players. DG 2351 213.

Stravinsky: Apollo. Orpheus. John Lubbock/Ochestra of St. John's Smith Square. Enigma Classics K55585.

Nicholas Maw: Life Studies. Neville Marriner/Academy of St. Martin-in-the-Fields. Argo ZRG 898.

"Post-romantic" music is a disparate collection, the only criterion being that it should in one way or another represent a reaction against the better-defined Romantic tradition, rather than a continuation of it. By that standard, as by any other than that of technical mastery, Mahler's place remains grandly ambiguous, and his Ninth Symphony occupies the no-man's-land triumphantly, despite all its surface despair and disintegration. Heard in one way, it is an intellectual development of the "Pathétique" Symphony of Chaikovsky (whom Mahler respected); in another, it is a longing, retrospective view from an irretrievably post-romantic place, all deliberate and self-conscious construction. It can bear many readings, and Klaus Tennstedt's new recording with the LPO offers one of special weight.

Tennstedt plays the Symphony for the notes alone—not the phrasing for the notes alone—not the inside-figure of the narrative.

coldly, but as if the whole strength of the work belonged within the classical symphonic tradition. He neither wrings the withers of the tunes, nor reads the first and last movements as Romantic tone-poems, nor allows the orchestration of the second and third to sound like savage parades of Romantic models. The performance has great breadth, and a spacious acoustic (which takes any edge of bright hysteria off the Ländler movement, and the dry snarl from the Scherzo). The symphonic argument is beautifully and strictly realised; the result is less immediately tender than Bruno Walter's less dramatically stark than Klaus Maw's less black and violent than Solti's. The proof of the pudding is the coda of the final Adagio, which Tennstedt gains the right to sustain daringly: it is cogent and quite unsentimental, and thus very moving. About the whole performance, my only reservations are that the LPO strings lack sheer mass and against the wind (notably in some first-movement climaxes), and that the approach to the first-movement recapitulation—*wie ein schwerer Konduit*—is not fast enough to sound inevitable and tragic. Every other version leaves room for argument, too; this one has great distinction.

Seiji Ozawa's virtue is a kind of cosmopolitan omnicompetence, an acute sense of basic musical requirements without any particular Western roots. His account of Schoenberg's *Gurrelieder* of 1900-11 is exact, and sumptuously recorded; in a sense he misses any close sympathy with Schoenberg's specific gestures—the old Kubelik recording comes nearer—and in another sense that shouldn't matter, in a score of such expansive proportions. Here the broad proportions are just right, and among the solid team of vocal soloists Jessye Norman is magnificent as the soprano. Tennstedt plays the Symphony for the notes alone—not the phrasing for the notes alone—not the inside-figure of the narrative.

St. John's Smith Square

Janice Chapman

by DAVID MURRAY

The Australian soprano Janice Chapman reappeared on Tuesday night in recital with David Harper. In a fairly wide-ranging programme Duparc and Brahms came off best, perhaps just because Miss Chapman had by then tested out the hall, and was projecting her songs into its gently booming reaches with fuller confidence. The Handel aria with which she had begun found her sacrificing tone to flexibility, and throughout her first half Mr. Harper's extreme reticence suggested that he feared being overheard. When he could be heard, his accompaniments had much musical refinement; but he offered no supporting drive, and I suspect that patches of sagging pitch from the soprano resulted simply from her being unable to hear what he was doing better than he could.

Wagner's Wesendonk-Lieder, which include the two famous Tristan sketches, were becalmed beyond even what their hot-house climate suggests. At dangerously relaxed tempi, with Harper's whispered piano-parts making hardly a ripple, Miss Chapman was content to voice them mildly; no phrase seemed to proceed in any purposeful

direction. A new set of songs by Don Kay on verses of Robert Graves sounded brighter, but one could have judged that better given some clue to the words—it was over-optimistic in St. John's not to print them in the programme.

Among Miss Chapman's Duparc group, "Phystyle" and the evergreen "Invitation au voyage" had much more vitality, and their crystalline piano writing came across to good effect (if not, probably, to the back rows). The fairytale delicacy of "Au pays où se fait la guerre" was rendered even a little too robust—it suggested a prosaic bourgeois scene. A certain heartiness suits many a Brahms song very well and in the five she chose Miss Chapman sounded operatically engaged on friendly territory.

Mr. Harper, on the other hand, retreated once more to his passive stance, contributing less than his share to those songs which are really voice-and-piano duets. The impression remained that Miss Chapman is happiest in full operatic cry, too ready to drift aimlessly in songs on a smaller scale.

Arts news in brief

The Chester recorders, the only complete set of Bressan recorders surviving in Britain, will be heard in a concert at St. John's Smith Square, London, on April 1.

The four recorders from the Grosvenor Museum, Chester, were made by French-born Peter Bressan in London before 1731. They belonged to the Cholmondeley family and were presented to the Chester Archaeological Society after being discovered in an attic in 1945.

According to Alan Davis, the Birmingham-based recorder player presenting the concert,

it will be the first time the set has been heard in London.

* * *

The International Chopin

Piano competition will take

place in Warsaw from

October 2-19 this year, the

tenth competition since its

first held in 1927.

The 25-person jury includes

Martha Argerich from Argen-

tinna and the Austrian Paul

Badura-Skoda.

Entries for the competition,

which is open to pianists aged

between 17 and 30, close on

May 1.

David Jordan, the conductor, draws excellent playing from his orchestral forces, who attack the gloriously melodic score with commendable vigour, but he encourages them to engulf the singers far too frequently, drowning the words. In the circumstances it is impossible to comment on Mr. Blumer's translation, since three-quarters of it remains unheard. The attractive sets, with skeletal metal framework and painted silhouettes to suggest the Moravian village, allows for the instant entrance of the chorus and gives a spacious feeling to the Opera Theatre's stage.

Bohus, the protagonist, far

from being a Jacobin, has in

fact had to fly for his life from Revolutionary Paris. The dispossessed and disowned son of Count Hrabe, he returns home with his wife Julie to claim his inheritance just as the Count is about to resign his property and power to Adolph, his villainous nephew. The peasant element, Schoolmaster Benda, his pretty daughter Terinka and her lover Jiri, claims most of the first two acts. In the third the Count, after an affecting scene with his unknown daughter-in-law, is reconciled with Bohus. Adolph and his supporter, the pompous Steward who has designs on Terinka, are discomfited.

Rather naturally, in a student

performance the youthful couple Terinka and Jiri emerge as the most successful characters. Jennifer Sharp, a charming Terinka, sings with vivacity. As Jiri, Graham Macfarlan uses a light tenor lyrically. Benda, a character tenor role, is amusingly played by Philip Creasy, who manages his rehearsal scene, the best-known number in the opera, with great good humour; the chorus reciprocate by singing his Serenade with tremendous verve. Stephen Briggs (Bohus), Patricia Cameron (Julie) and Paul Hodges (the Count) do their best with roles requiring larger voices and greater stage experience.



James Griffiths, James Cairncross and Marjorie Bland

Bristol Old Vic

Plenty

by MICHAEL COVENY

There is a grim irony in reviewing a play called *Plenty* on Budget Day, especially when belt-tightening in the public sector of the economy has

become the most frequently heard war cry from the present Government.

David Hare's evocative lament for post-war idealism, the days of peace and plenty that received a boost with the Festival of Britain and a

a severe knock with the Suez catastrophe, remains a pungent backdrop to the spiritual decline of a strong-willed heroine.

Susan Traherne, like so many of Mr. Hare's memorable ladies—in *Knuckles* on the stage, in *Licking Hitler* and *Dreams of Learing* on television—is a mad, strange and private person tailor-made for the talents of Kate Nelligan. Miss Nelligan played all four parts, investing them with a mysterious, defensive sexuality with aggressive social overtones. In *Dreams of Learing*, madness usually reserved for cathedral choirs.

Stravinsky's post-romantic

string writing is of course Apollo

and the later *Orpheus* it makes

honestly respectful bows to

Chaitovsky. John Lubbock and

his St. John's Smith Square

players are sensitive to that and

to almost everything else in

these exhilarating scores,

and are excellently recorded; only

the balletic side of the music is

played down, with lighter and

less rebounding basses than

Stravinsky used to demand. The

style here is satisfyingly lithe

and gutty nonetheless. Nicholas

Maw's string writing in his *Life*

Studies set is—well, romantic

often, often ravishing, brilliantly

varied in density and pace.

Though the music occupies a

contemporary middle ground, it

does not play safe; Maw pursued

his own ideas tenaciously, and

he may have surprised even him-

self with the perspectives opened

up in this fine work. After

several hearings one's pleasure is

undiminished, and one's admiring

admiration still increases. The

Academy performance is exemplary.

Indeed, it is a remarkable

achievement to have done so

well with such a limited budget.

Not everyone is economy

minded these days. Wall Street

Crash, the cabaret at Country

Cousin for the next two weeks,

has depth if nothing else—eight

singers, plus a ten-piece band.

It must be love that persuades

such a mob to split the take, and

it is—love of the quality pop

songs of the past four decades

sung in the reverential manner

usually reserved for cathedral

choirs.

Wall Street Crash came to

gether on *Oh Boy!*, the stage

show and subsequent television

programme, which milked the

music of the late fifties and

early sixties. A common fond-

ness for singalongs has

encouraged them to experiment

with a much broader range of

sounds, opening with

"Kalamazoo," continuing

through "Eight to the bar,"

with an aside of "Manie" in a

barber's shop quartet treatment,

and continuing in such rock

standards as "Love Letters"

and "You're lost that loving

feeling." You must have had

your fingers in your ears since

1940 not to be affected by some

of a very eclectic bunch of songs,

nicely put over in a Manhattan

Transfer squared-style—perhaps

more like the Circle Line in

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• COMMUNICATIONS

Keeps everyone in contact

MULTITONE has chosen Comms 80 Exhibition (Birmingham April 15-18) to launch two new pagers.

Digital 90 provides rapid access to up to 1,000 receivers with no need for paging control centre or operator, and effectively converts every telephone extension into a paging terminal.

The initiator of a call simply dials an access number on the internal telephone, the number of the pager to be called, an alert tone coding digit and the numerical message to be displayed on the pager.

Other equipment on show will include the Access 1800 radio paging system which offers either single or dual-channel operation, an one or more frequencies. A choice of two-tone or digital cell code formats is also available, depending on the types of pagers and system capacity required. Several users can share one system, each user having access through his own control facilities.

Multitone Electric Company, 6-28 Underwood Street, London N1 7JT. (01-253 7611.)

• AUTOMATION

Compact controller

HAVING SOLD over 100 of its powerful MPC80 process controllers to a customer list that includes ICI, Shell, BP and the CEBG, Negretti and Zambra has moved down market slightly with the MCP85, a compact microprocessor driven system which can handle up to 32 control loops to provide real time batch or continuous control, sequencing and data logging from as little as £250 per loop.

Front panel of the machine contains 24 function buttons which can be programmed to suit the application, numerical keyboard and a six line display.

The controller is shipped with all the necessary standard operating software ready for the user to key in the information for a dedicated application. However, within the total of 64K of memory are user programmable PROM and the machine is unusual in having a built-in PROM programmer.

Apart from a real time executive program the standard software includes an on-line editor which allows the plant engineer to write new control programs while the unit continues to control the plant.

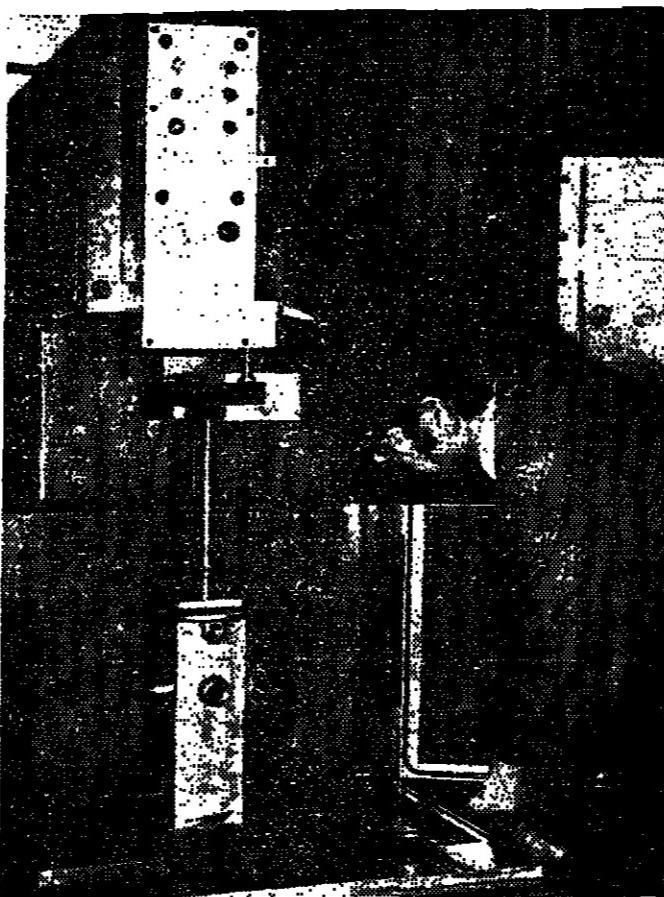
Also included is an engineer's programme which allows the set points for temperature, level and so on to be altered. In all, the MPC85 can run up to 16 programs and 15 sub-programs each having up to 64 steps. One of these can be devoted to communications with a host computer while another will enable the number of functions in the user's database to be altered.

In terms of process parameters the software meets the customary needs of linearisation, three term control, sequencing and floating point variables.

Negretti and Zambra is at Stocklake, Aylesbury, Bucks. HP20 1DR (Aylesbury 5931).

• METALWORKING

Setting up a copper electrode and the brass casting for a microwave guide chamber at Multibore (Spark Erosion), Luton, before machining the inside of the chamber by deep sinking electric discharge in a tank of oil. An Agie 20-20 machine supplied by Matchless Machines, Bletchley, is used to machine the inner wall of the 14 in long casting to a squareness of .002 in. The company specialises in one-off work of this kind and in using EDM (electric discharge machining) on all types of electrically conductive materials, not just on the very hard materials with which the technique is normally associated. Matchless will be showing the British made Agie 10-20 and 20-20 machines at Mach 80. The company is at Horsham 60271.



Fast gear production

IDEAL for the high speed precision manufacture of spur and helical gears, worm gears, spline shafts, sprockets, ratchet wheels, serrations, and other profiles a new gear hobber is to be marketed by W. E. Norton (Machine Tools).

Norgear 200 has a solidly-constructed hob head with wide prismatic slideways, permitting heavy duty cutting combined with maximum stability.

Ample power of 7.5kW (10 hp) from the main drive and hob speeds up to 500 rpm allow the use of carbide hobs.

Automatic hob shift ensures even distribution of wear along the whole length of the hob, thereby increasing cutter life between regrounds and reducing idle cutting times caused by hob changes.

Full automatic cycles for both conventional and climb hobbing are fitted, incorporating operation of the hob shift, coolant supply, and tailstock, and stopping of the machine at the completion of the work cycle.

A radial in-feed for cutting worm wheels is also provided.

The machine accommodates a maximum workpiece diameter of 305 mm (8 inches) a maximum face width of 104 mm (5 inches), and has nine spindle speeds from 80 to 500 rpm.

W. E. Norton (Machine Tools)

Grove Division, West End Road, High Wycombe, Bucks. Telephone 0494 26222.

• TRANSPORT

Stronger roof hatches

SHOULD a coach be involved in an accident which causes it to roll over, its roof hatch would seem to be the most vulnerable area for impact. A company which has examined this possibility is offering a new range of roof hatches for use in coaches and other public service vehicles.

Constructed from a double skin of thermoplastic material combined to give exceptional strength the hatches are fitted with mechanisms which give a

range of 10 positions (from fully closed to fully open) and an emergency mechanism which allows the hatch to be used as an escape exit.

The top is retained by a cord after release to prevent the hatch falling off the vehicle if mis-used when the vehicle is in motion, and the escape mechanism can be re-set without special tooling, says Widney Engineering, Plume Street, Aston, Birmingham (021-327 4730).

• PROCESSING

High output clarifier

SELF-CLEANING clarifier, type SA 160, has been introduced by Westfalia Separator as an economic replacement for two or three conventional sized clarifiers in the food, beverage, chemical and pharmaceutical industries.

It is claimed to be the largest made, with a bowl weight of approximately 2,000 kg and a solids holding capacity of 58 litres. The clarifier has a throughput capacity of 150 cubic metres per hour.

Cost of installing the one clarifier is much less than that of installing two or more smaller units, making the SA 160 particularly suitable for the continuous clarification of large volumes of produce streams.

Smooth, vibration-free operation will prolong machine life and this has been achieved with a completely new concept of drive and installation method where the motor is mounted on a separate frame to eliminate vibration transfer and minimise maintenance costs.

The hydraulic system of the self-clearing bowl allows solids to be ejected at maximum speed under full control of a stored programme timing unit with visual display.

Westfalia Separators, Habig House, Old Wolverton, Milton Keynes, MK12 5PY. 0908 813366.

PRCI is offering the Trips system on Prime. Trips is one of the most comprehensive of transport planning packages available, containing many analytical capabilities including survey analysis, model building, network analysis and system evaluation.

PRCI has been developed over a period of 15 years and contains over 70 fully compatible programs for work from highway system planning to sub-area analysis, land use planning, and matrix manipulation.

PRC, St Georges House, 9-11 Church Street, Twickenham, TW1 3NE. 01-891 4021.

It is aimed at users who want to enter text into their machine and then print it, or alternatively save it on tape for reference.

Main uses would be in the preparation of documents, drafts, repetitive letters and price lists.

The package is called Naspen and since it is aimed at inexperienced operators all the commands are direct acting and involve single character only.

It is supplied in a pair of erasable programmable read memory chips.

Nascom Microcomputers is at 92, Broad Street, Chesham, Bucks.

• INSTRUMENTS

Detects level of fluids

LIQUID level detectors which will find the height of liquids to an accuracy of $\pm 0.5\text{mm}$ in clear, coloured or opaque containers, without the use of gamma ray techniques, are offered by Hiltorf Packaging Systems, Knutsford, Cheshire.

Liquid level detection with this equipment is based on the use of non-contact infrared detectors. Light signals utilised in the detection process are modulated and are thus independent of ambient light levels. The system will meet a wide range of level detection requirements including liquids which are almost transparent in the visible spectrum.

The level detection can set acceptance limits about a predetermined mean level. Three operating modes can be selected, giving error indication when the liquid level is outside acceptance limits; in under-fill condition; or in the over-fill condition. To achieve optimum sensitivity when applied to the opaque plastic containers, an automatic compensation facility is incorporated which will cover possible variations in either thickness or density of the container wall. Accuracy is not affected by foaming of the liquid.

Depending on the line conveyor speed and the shape of container being checked, the new Hiltorf level detector can be employed at production rates up to 24,000 containers per hour. Missing cap detection facilities are available as optional ancillary equipment. Hiltorf on 0565 3504.

Frequencies at a touch

DESIGNED AND manufactured in the UK plant of Gould Instruments is an easily used synthesised signal generator from which any frequency from 10 kHz to 200 MHz can be obtained by setting a few switches.

There are very few rotary controls. Frequency is set by using six thumb wheel units of a geared design which makes adjustment rapid and simple, the frequency appearing on both the thumbwheel windows and the LED display above.

Source is an oven controlled crystal oscillator giving a resolution of 0.1 Hz to 100 Hz over the range. Standard output is one volt and this can be reduced by 119 dB in one decibel steps down to a mere 0.1 microvolts—these low levels becoming increasingly in

demand for testing modern highly sensitive radio receivers for example. All modulation types can be switch selected.

A specially useful facility is that of stepping the frequency in settable amounts over a particular band. For example, the step can be set to 12.5 kHz for the rapid testing of recently designed close channel spaced VHF/UHF receivers. The steps can be anywhere between 0.1 Hz and 100 kHz.

The instrument can also be remotely programmed over an IEEE 488 bus and can be connected into automatic test systems.

Known as the SSG200, the unit measures 0.8 by 1.32 by 390 mm and weighs 1.5 kg.

Gould Instrument Division is at Roebeck Road, Rainham, Essex IG6 3UE (01-500 1000).

PRCI is offering the Trips system on Prime. Trips is one of the most comprehensive of transport planning packages available, containing many analytical capabilities including survey analysis, model building, network analysis and system evaluation.

PRCI's sole dealership agreement with Prime will give the latter an enormous fillip, even though it has been growing very fast in the UK. From 1978 with £6.3m sales advanced 43 per cent to £9m last year.

PRCI is offering the Trips system on Prime. Trips is one of the most comprehensive of transport planning packages available, containing many analytical capabilities including survey analysis, model building, network analysis and system evaluation.

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• COMPONENTS

Variabile speed drives

A range of variable speed drives marketed under the Revmaster brand name is based on the use of 5 sizes of variable speed modules which accommodate electrical motors of from 0.55 kW to 15 kW at 1425 rev/min. Output speed ranges of up to 6:1 can be supplied.

Variation is achieved by the use of a variable pitch circle diameter (pcd) pulley and belt principle. Adjustment of a hand-wheel varies the pcd of the pulley attached to the motor shaft, causing the belt to move up or down the pulley sheave. Simultaneously the other pulley of the pair, which incorporates a diaphragm spring, automatically compensates for the movement of the motor pulley ensuring retention of the belt tension. In fact, it looks a bit like a DAF transmission.

Hawker Siddeley, 32 Duke Street, St James's, London, SW1Y 6DG. 01-930 6177.

Document preparation aided

NOW AVAILABLE for use with the Nascom 1 and 2 microcomputers is a text editing and formatting package intended for use with 16K of random access memory.

PLANNING Research Corporation International (UK) has reached agreement with Prime to offer the Trips system on Prime. Trips is one of the most comprehensive of transport planning packages available, containing many analytical capabilities including survey analysis, model building, network analysis and system evaluation.

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Colours

Hoechst first built its business by its flair for inventing new dyestuffs for textiles and pigments for paints.

Today Hoechst is still innovating. An unusual example: its new fat-soluble dyes are making a big mark in the multi-million pound pop-record market.

Eyes

If eye sufferers may find they are crying less and seeing more next summer.

It will be due to Clearine by Optrex—a new decongestant product to relieve allergic eye irritation.

Optrex—long known in Britain for its eye care products—is a Hoechst company.

Communications

How can you publish the Financial Times at the same time in London and Frankfurt?

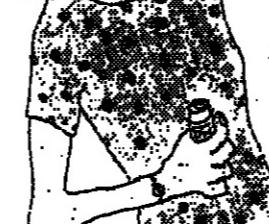
With the aid of the Infotec 6000 Fax transceiver. It enables all sub-editing and layout to be done in London—in script or typewritten—and transmitted to Frankfurt in less than one minute.

Kalle Infotec, a pioneer in high-speed telecommunications, is a Hoechst company.

Crops

If weeds, insects and plant diseases went unchecked, Britain's farmers would lose one third of their crops each year!

Hoechst makes more than 40 agricultural pesticides, each safety tested for five years, which save much of this wastage and ensure blemish-free produce.



THE BUDGET: THE CHANCELLOR'S SPEECH

Public spending cuts • Dearer medicines

SIR Geoffrey Howe, presenting his Budget yesterday, said Britain's difficulties were so deep-seated as to make tough policies unescapable. His proposals for a further slowing down of monetary growth imply a Public Sector Borrowing Requirement of £8.5bn next year. If inflation was not tackled "stability and prosperity will continue to elude us," he said.

"In my Budget speech last June, I said that the economic situation that we inherited was a difficult one. And it stressed that it would take time to check and then reverse Britain's long-run economic decline. Time — and resolute commitment to the right strategy, for a period of years ahead. It is important for that strategy to reflect the right lessons of years of disappointing economic performance."

"Even in the 1950s and early 1960s our economy was lagging behind those of our competitors. But it was a period of low inflation and rising growth rates. Seen in retrospect, that period was something of a golden age."

"That was not, of course, the feeling at the time. From the mid-60s onwards we became impatient to throw the resources of Government into efforts to do better, quicker. In rapid succession we had a national plan for faster growth, devaluation, incomes policies, recurrent bouts of intervention in industry — and much else."

"The increased scale of Government borrowing from the mid-1970s as compared with the 1950s and 1960s is an example of the impatience to which I have referred. Governments became increasingly addicted to deficit spending."

"This was particularly true of the United Kingdom at the time of and after the first world oil crisis. Memories of the monetary and inflationary implications of what the Government did then are still vivid."

"Eventually it began to be recognised, as indeed the Leader of the Opposition said in 1976, that we can no longer spend our way out of recession. But although this breakthrough of realism had begun, the change in attitude has not gone far enough. Not everyone has yet accepted that public expenditure cannot go on growing while the economy stagnates."

Money supply

"Those years of often hectic Government action were equally notable for other things that did not receive the attention they deserved. As well as misjudging the importance of money supply and its proper control, we often paid no more than lip service to the role of private enterprise, and to the importance of economic change as an agent of prosperity. Successive governments acknowledged the need to reduce the power and privilege of organised labour. But in the event, its ability to damage the economy has increased."

"The outcome is familiar to us all. Our underlying rate of growth has become steadily weaker. At the same time, we have come almost to tolerate inflation at rates which would have horrified an earlier generation."

"The measures taken following the agreement with the International Monetary Fund in 1976 provided a brief respite. The public sector borrowing requirement fell, monetary growth declined, pay settlements moderated. The inflation rate came down in 1977 and 1978. But the lesson was not well enough learned."

"The money supply was again allowed to expand too fast, partly through excessive intervention in the foreign exchange markets. Fiscal policy was eased and the situation deteriorated again."

Collapse of policy

"During the 18 months to last June, the underlying growth rate of sterling M3 was nearly 15 per cent a year. This compares with the much more modest rate of about 8 per cent in the year after the IMF measures. The incomes policy of the previous Government had collapsed. Earnings also grew by at least 15 per cent a year."

"Not surprisingly, it was consumer spending which gained most from this combination of monetary expansion, tax cuts and high pay settlements. In the year before the election, the volume of consumer spending rose by more than 5 per cent a year. That was much too good to last."

"There was, indeed, a big price to pay for that short burst of apparent prosperity. Production failed to respond to the surge in demand. Imports, especially of manufactures, rose sharply. The current balance of payments, in surplus after the IMF agreement and helped by North Sea oil, moved back into deficit. And inflation moved sharply upward."

"Last year we made an important start on tackling that inheritance. We set about reducing the rate of monetary growth. We achieved large reductions in dangerously oversize public spending plans. We reduced the share of Government spending and borrowing in the nation's output. And when last November the money target looked like being exceeded, we acted promptly and decisively."

"We have removed many unnecessary controls and obstacles to enterprise and individual

effort: controls on pay, prices, dividends; and on foreign exchange, which can now be used freely to acquire productive assets overseas, to the benefit of our exports and invisible earnings alike.

"My first Budget switched the tax burden from earnings to spending — and greatly reduced oppressive tax burdens on enterprise."

Slowdown in growth

"But during the year that has just ended we have had to contend with a further major increase in world oil prices and with a substantial rise in the price of other commodities. The strength of sterling has to some extent cushioned their impact on domestic inflation. Even so, the price of oil and other inputs to manufacturing industry has risen by 41 per cent since the beginning of 1979."

"The rise in the oil price has also had severe effects on the world prospect generally. The outlook in the coming year is for a significant slowdown in growth and a worsening of inflation everywhere."

"The year on year increase in consumer prices in OECD countries rose from about 10 per cent on average in mid-1978 to 14 per cent by the beginning of 1980. Every major country is demonstrating its determination to resist this inflation by adopting a firm monetary and fiscal policy. The inevitable result is lower output and higher interest rates."

"Since early last summer rates in the major industrial countries have risen by 6 percentage points on average in the major industrial countries. This is much the same as in the UK over the same period. The increase has been even more marked where the dollar is concerned. Between May last year and the end of last week, Euro-dollar three-month rates rose by over 8 per cent to 19 per cent."

That is part of the background against which to judge the poor short-term economic outlook for the United Kingdom. The Treasury projections published today suggest that output may fall in 1980 by up to 2½ per cent. This is more or less in line with outside forecasts.

It is important to understand the significance of this recession. There are some who argue, or at least seek to imply, that it is an entirely avoidable development, something which need not be inflicted upon the British economy.

"Others seem almost happy to suggest that, as far from being avoidable, this recession is no more than a foretaste of much worse that is to come. Some uniquely critical pessimists contrive to convey both impressions at the same time."

"Britain's present difficulties are so deep-seated and serious as to make tough policies inescapable. Relaxed monetary and budgetary policies might bring higher output, even higher living standards, in the very short run — though even that is questionable. But in reality they would simply fuel fresh inflation."

"Such policies would inevitably undermine the confidence of financial markets, industry and consumers. The action which would then be necessary to deal with the ensuing crisis would, equally certainly, destroy jobs and cut living standards still further."

"Restraint of the growth of money and credit is the essential. And it needs to be maintained over a considerable period of time in order to defeat inflation. That underlines the importance of the medium term financial strategy."

"This strategy, as I have said, sets out a four-year path for monetary growth, public spending and tax policies."

"I deal first with the monetary targets."

"By 1983-84, the last year covered by our spending plans, the target rate of growth of money supply will be reduced to around 6 per cent — just half the rate of growth over the past year."

"In keeping with that medium-term monetary objective, the target range for the growth of sterling M3 in the period to mid-April 1981 will be 7 to 11 per cent at an annual rate. The base for this will be

Medium-term strategy

"The right view to take is that it is in part consequence of the weakness in world demand, in part a consequence of our own inflation — still well in excess of the money supply target — and in part, perhaps most of all, a consequence of the long run decline of our economy."

"These influences are not insuperable. We can most certainly get through the difficult year or two that lie immediately ahead. The important thing is not to allow the difficulties to prevent us setting our feet on the right long run path."

"This is one of the reasons although by no means the only one — why I intend to consolidate the start which I made last

THE GOVERNMENT continues to regard the fight against inflation as the first priority. It is an illusion to suppose that we have any real choice between defeating inflation and some other course.

year, by publishing today the Government's financial and monetary strategy for the medium term. This strategy is contained in Part II of the Financial Statement and Budget Report — better known, perhaps, as the Red Book.

"This strategy is by no means to be confused with a national plan. For it is concerned with only those things — very few of them — which the Government does actually have within its power to control."

"The strategy sets out a path for public finance over the next few years. At its heart is a target for a steadily declining growth of the money supply, that is set alongside policies for Government spending and taxation which will underpin that objective."

"It will be clear from what I have already said that the Government continues to regard the fight against inflation as the first priority. It is an illusion to suppose that we have any real choice between defeating inflation and some other course."

"We have removed many unnecessary controls and obstacles to enterprise and individual

the most recent published figures. The target will thus relate to the 14 months from mid-February this year."

"I am glad to say that monetary growth has already begun to slow down."

"In the first four months after the Budget, sterling M3 continued to grow at the excessive rate — over 14 per cent — which we inherited. But in the succeeding four months it fell to an annual rate of 10 per cent. Moreover, in the earlier period, sterling M3 growth had been below that of other measures of the money supply."

"Currently, however, all the other measures, M1, total M3 and the various indicators of wider liquidity, are growing less rapidly than sterling M3."

"The narrow measure, M1, actually fell over the last four months. So the slowdown in the growth of sterling M3 probably understates the extent to which the measures in the last Budget and those I took in November have already brought monetary growth under control."

"Despite the expectation of recession, experience shows that it would be wrong to keep the actual PSBR at its current level as a percentage of national income."

"This could not be recon-

sidered the substantial slow-

down in the underlying rate of growth. At the same time the Governor and I have agreed that the supplementary special deposits scheme — generally known as the "corset" — should not be extended beyond mid-June when the present guidance ends."

"One of the effects of the corset has been to encourage the development of credit channels just outside the banking system, such as the purchase of bank acceptances by the private sector. This process will be reversed to some extent when the corset ends. So sterling M3 will be swollen as earlier distortions unwind."

Increase in sterling M3

"The increase in sterling M3 on this account will not however signal a change in underlying monetary conditions. The scale of this exceptional increase cannot be precisely measured or predicted, and we will need to assess its effect both as it occurs and when the target is raised forward in the autumn. If, as I hope, it can be accommodated within the target I have just announced, that will point to a further slowing down of monetary growth."

"They are struggling to get back towards more balanced budgets, as we must. They recognise, as we must, that inflation cannot persist in the long run unless it is accompanied by an excessive expansion of money and credit. That is at the heart of what 'monetarism' means in practice."

"It is a great pity that its practical, commonsense importance has been so confused by arid, theoretical dispute. It should never have become a term of political abuse — least of all for use by those who have in the past claimed to make a virtue of practising it."

"It is an illusion to suppose that there is any real alternative to the strategy I have outlined. Some commentators seek to blame our present difficulties on the pursuit by Government of unnecessarily tough policies. That is totally misleading.

"The Green Paper on Monetary Base Control which I laid before the House last week will provide a basis for public discussion of how to improve control over short periods. The Governor and I hope to hear a wide range of views before deciding whether any further changes should be made."

"The recent pressure on companies has resulted in a strong demand for bank lending, which has contributed to the upward pressure on both money supply and short term interest rates. I am sure banks and their customers would be well advised, in the difficult economic conditions foreseen, to be cautious about the scale of their lending and borrowing. When the growth of bank lending falls back, this will add to the downward pressure on interest rates.

"Such policies would inevitably undermine the confidence of financial markets, industry and consumers. The action which would then be necessary to deal with the ensuing crisis would, equally certainly, destroy jobs and cut living standards still further."

"The consequences of excessive borrowing has been high nominal interest rates and, in the short term, the crowding out of business by the State. This has held back investment."

"The relationship between the budget deficit and the growth of money supply is not a simple one. It is erratic from year to year. But there is no doubt of its importance, or that Government borrowing has made a major contribution to the excessive growth of the money supply in recent years."

"The consequence of excessive borrowing has been high nominal interest rates and, in the short term, the crowding out of business by the State. This has held back investment."

"From now on, however, given the shape of the Government's plans for public expenditure, the budget deficit should be reduced progressively to between 1 and 2 per cent of output. This would be a little below the average in the 1980s."

"During a recession, of course, it is widely recognised that the budget deficit is increased by low tax receipts and high Government spending."

"Some increase in the ratio of the PSBR to the national income may be consistent with the maintenance of a given monetary target and without itself requiring increases in interest rates. But in practice, public sector borrowing has made a major contribution to the excessive growth of the money supply in recent years."

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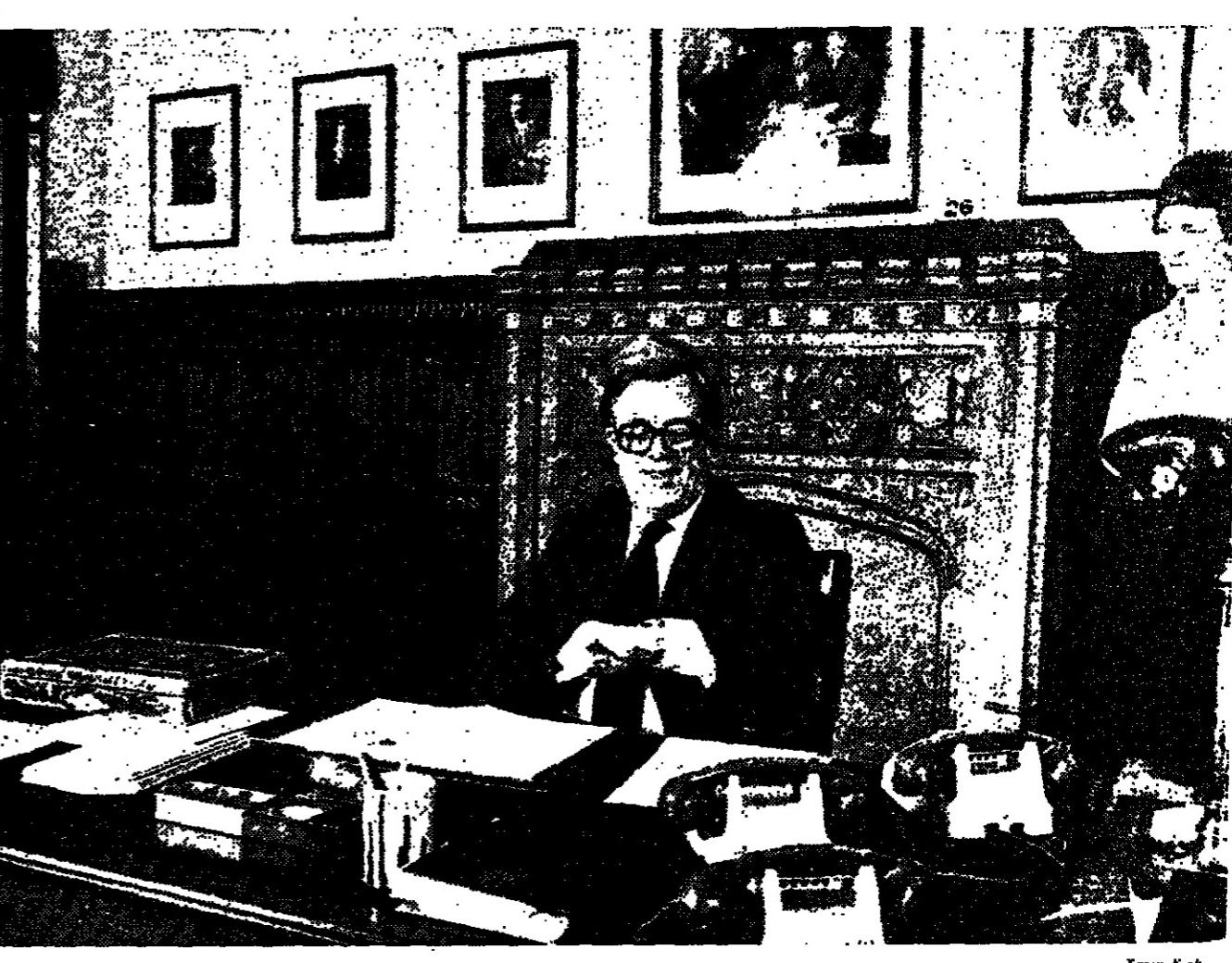
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Terry Kirk

Sir Geoffrey Howe, the Chancellor of the Exchequer, checks his watch and prepares to leave his room in the House of Commons, to deliver his Budget speech.

for improved growth performance once we have firm evidence that it has taken root. So, in preparing projections of the future of the economy, we must adopt a cautious approach.

"The Government cannot dictate the rate of growth of output. It is only as inflation subsides that there will be secure foundations for sustainable growth.

"There are many parts of our economic life where it is right to take some account of inflation. But a very damaging rigidity has grown up in how we do it.

THE BUDGET: THE CHANCELLOR'S SPEECH

Duty increased on petrol, alcohol, tobacco

Continued from previous page

for 1980-81 remain at the 25000 mentioned in the November White Paper. This compares with the £1 billion target for 1979-80 announced in my budget last June. In the event a total very close to £1 billion has been raised in this way.

Private initiative

"In today's circumstances any government would have to check the size and growth of public spending. This does not mean, and has not meant, that public expenditure should be cut indiscriminately.

"Our choices have been guided by the belief that government should provide efficiently and realistically those services which it alone is able, and best fitted, to provide. The

"For inflation sets worker against worker, employer against employee, and sometimes even Government against its own employees."

role of the State can sensibly be reduced where it has taken over what private initiative can better achieve; and where it has been reducing incentives, increasing bureaucracy and distorting markets.

"Only the State can provide adequately for the defence of its citizens against external and internal threats. The armed forces and police need to be strengthened and improved. Expenditure on defence, law and order, therefore, is planned to grow—indeed by 3 per cent a year in real terms up to the end of the period law and order by 2½ per cent a year.

"Spending on health will continue to grow exactly as planned by the last Government, at about 2½ per cent a year over the period. The cost of this increase will be partly offset by increases in charges, including in particular a £1 prescription charge from next December.

"These charges will yield in total about £30m in a full year. The present wide range of exemptions is maintained so that, for instance, the elderly, children under 16 and those on low incomes will be unaffected.

"But support from the taxpayer for private and nationalised industries is reduced. Provision for housing is reduced. This reflects both the local authorities' own reduction in building programmes and what the nation can afford in public sector housing investment and subsidies.

"The reduction in the education programme reflects a fair and sensible response to falling school rolls, and a continuation of the economies to be made in 1980-81. Whilst the number of pupils is expected to fall by about 13 per cent between 1978-80 and 1983-84, spending on schools is planned to fall by only about 6 per cent.

"So spending for each pupil will increase in real terms. The aid programme is also reduced, but remains substantial. It will now be in line with what a country in our present circumstances can afford.

Protecting the weakest

"Social security presents particular problems. This programme has been responsible for three quarters of the total increase in programmes since 1973-74.

"This Government, no less than its predecessors, is committed to maintaining a social security structure which protects the weakest and most vulnerable in our society. But social security is now a quarter of total public expenditure and still growing.

"It cannot be exempt from measures to restrain its growth where these can reasonably be made. Notwithstanding the changes the Government are making, spending on social security is still expected to increase by nearly 4 per cent between 1979-80 and 1983-84. I shall be returning to this area in more detail in a few moments.

"There are those who sometimes speak as if all our problems with public expenditure could be solved by reducing bureaucracy while leaving subsidies and services untouched. The process of securing economy cannot be as painless as that.

"It is easy to forget that the entire cost of the civil service represents only one-fifteenth of public expenditure.

"Even so, it represents a substantial cost. At the beginning of this administration the Civil Service was larger by 40,000 than when we left office. Between 1974 and 1979 local government manpower had increased by over 200,000. Total public service manpower had increased by nearly half a million.

"It is no criticism of public servants to say that this could not go on. If it were to continue, then by 1983 over a fifth of the labour force would be employed in the public services.

"Action has already been taken. The last Government made financial provision for a Civil Service of 745,000 at the end of this month. By April 1,

1981—12 months later—the vision in the cash limits published today and full provision for the inflation now forecast would be about £700m.

"I cannot yet predict what the size of the Civil Service will be by the end of the present Parliament. But we have made a good start.

"And the revenue departments, I am glad to say, have been playing their full part in this process. The numbers employed in those departments had grown from 87,000 in 1970 to 113,000 when we took office. At that rate, by the year 2000 there would be 175,000 tax collectors, which is more than there are soldiers in the Army.

"That process of expansion is now being reversed.

"In 12 months' time the staff of the revenue departments will be over 10,000 fewer than when we took office—a reduction of about 8.5 per cent.

"The state savings from my Budget last year amounted to some 1,400. And the tax measures I am proposing this year will in themselves enable me to make eventual net sav-

ings of 1,700 staff in my depart-

ments.

"So far as the local authori-

ties are concerned, my right

honourable friend, the Secretary

of State for the Environment,

and other Ministers, have been

taking steps that will help local

authorities to reduce their man-

power.

"There is now less detailed

interference by central Govern-

ment—fewer circulars and

returns—and a large number of

statutory controls are being

removed.

Regard to the costs

"But as my right honourable

friend the Secretary of State for the Environment pointed out on Monday, progress has been dis-

appointingly slow.

"The planned reductions in

expenditure imply a substantial

reduction in staff over the next

four years. The local authorities

now must give high priority to

achieving this.

"The reductions I have so

far described are in the volume of

public spending. We must also

pay full regard to what it costs.

Some of the reasons

were eloquently explained to

the House by the right honourable

Gentlemen, the honourable Member for Leeds East on

January 25, 1979, when he was

still Chancellor.

"On that occasion, the Rt Hon Gentleman made an

assumption that earnings in

the 1978-79 pay round might

increase by 15 per cent.

He said that this assumption,

which he described as

pessimistic, would increase the

cost of central Government and

local authority services by

£1bn each in 1979-80 and raise

the costs of the nationalised

industries by nearly £1bn.

"Faced with such increases,"

he said, "the Government

would be compelled to seek

reductions in the volume of

public expenditure." He emphasised that this would

inevitably increase unemployment.

"We know that the Rt Hon Gentleman's assumption about the likely growth in earnings

is probably all too true. Moreover,

his own administration left

behind some large post-dated

cheques.

"The Clegg awards are

expected to cost something like

£1bn in 1980-81; and the full

year effect of other compara-

bility awards in the Civil

Service will add a further £1bn

to that.

"Public services and employ-

ment cannot escape the effects

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PUBLIC services and employment cannot escape the effects of inflation. Cash limits are the crucial instrument for ensuring that the costs of public expenditure do not run out of control'

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feel certain, the support of the

entire House.

"I have already stressed the

social and importance of the

social security programme. In

the coming year will absorb a

quarter of public spending and

cost about £20bn—which works

out at no less than £1,000 a year

for every household in the

country.

"Its volume has grown by

about 50 per cent in the past

10 years, allowing both for infla-

tion and the switch from family

allowances and child tax allow-

ances to child benefit. This is

more than three times the 15

per cent increase in GDP over

the same period.

"Some of this growth is

accounted for by an increase in

the number of beneficiaries,

particularly the elderly. But

much of it has come about, not

through any conscious decision,

but because the level and scope

of benefits have been improved

in anticipation of a growth in

output which has not been

achieved.

"To increase the provision

in the cash limits to accommo-

date the higher forecast of cost

increases would be wrong.

"That would simply be to

condone and encourage inflation.

The difference between the pro-

gramme and the support of the

entire House.

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"It is a striking example of

reminded this House, the net

extra reward to a low earner

from going out to work can be

so close to the benefits he can

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THE BUDGET: THE CHANCELLOR'S SPEECH

Aid for small businesses • Pensions up

Continued from previous page

There will be transitional provisions for leased television sets. Though the extra revenue in 1980-81 will be negligible, the saving in a full year will be over £20m.

"These provisions will replace, from June 1, the stop-gap provision for foreign leasing which I proposed on October 23, when announcing the abolition of exchange control. They will also include measures to end the growing abuse of leasing by individuals for tax avoidance purposes.

"However the Motability Scheme for leasing cars to disabled people will continue to benefit from the existing provisions.

"I have already referred to the difficult problems that many companies will be facing in the coming year, with great pressure on their liquidity. I have considered how far it would make sense for the Government to help them by major tax reductions.

Company liquidity

"Such help could only be provided at the expense of much higher personal taxation or higher borrowing and thus higher interest rates.

"I believe that the greatest service which I can perform for business is to reduce the burden of financing the public sector and thus to get interest rates down. I have, therefore, given precedence to this objective.

"However, there is, as I observed last June, a clear need to re-examine the corporate tax structure. I have already undertaken that there will be full consultations before changes are made. I understand that the accountancy profession will be publishing their new standard on current cost accounting later this month. We will, therefore, publish a Green Paper later this year, reporting the results of our general review of the present corporation tax provisions.

"Meanwhile, I do not think that it would be right to change the rate of corporation tax or to make major changes in its structure. But I do propose one important concession to help companies which face a particular difficulty.

"A number of businesses in manufacturing, and certain areas of distribution, are concerned about the recovery charges which they will face as a result of reductions in stock levels likely to arise either because of the general pressure on liquidity, or in some cases as a result of the steel strike.

"I propose, therefore, to allow a substantial part of the stock relief recovery charge consequent on a reduction of stocks to be deferred for one year.

"This change will be subject to certain conditions dependent on the extent to which stocks are financed on trade credit.

"The new relief will be given for business accounts ending after 1979-80. The cost is estimated at £210m in 1980-81 and a further £125m in 1981-82.

"While further relief is justified in the cases to which I have referred, there is criticism that the present stock relief may confer an unjustified advantage in certain circumstances.

"This is a complex matter on which detailed consultation will be needed, but my intention is to legislate next year in respect of the tax payable generally on January 1, 1982. This will give enough time for consultation.

No change in VAT

"I propose another modest measure affecting business taxation. I intend to provide relief for redundancy payments in excess of the statutory minimum paid when a business stops trading.

"I turn now from companies to my other proposals for finding extra revenue. I begin with the indirect taxes.

"Last June I took an important step in implementing a change in the tax structure that everyone knew to be necessary. I carried out a substantial switch in the balance of taxation from direct to indirect taxes.

"I do not intend to go further in that direction this year. But I do intend to ensure that the real yield of indirect taxation is not eroded. Inflation can all too easily have that effect.

"First, I shall deal with Value Added Tax.

"Without the extra revenue from last June's Budget changes it would have been quite impossible this year for any Government to avoid either much larger cuts in public spending or big increases in income tax.

"This is the first year in which the full yield of the 15 per cent rate will be available. The yield will be some £12,450m in 1980-81.

"I propose no change in the 15 per cent standard rate of VAT. I am, however, making a number of technical changes, to ease the administrative burdens borne by small businesses about which I shall have more to say later.

"There have been signs that some large companies may have been delaying their VAT payments to the Exchequer. This must be corrected at the earliest opportunity. Customs and Excise are already taking steps, with my approval and within the existing law, to reduce the attractions of delay.

"But more needs to be done. I shall, therefore, be asking the House to raise the maximum penalty for late payment. My proposal is that it should be expressed as a proportion of the tax at stake.

"In practice this will raise the penalty for only the larger companies. For them the existing maximum penalty, of £100 plus £10 a day is clearly inadequate.

Staff savings

"I also propose to remedy an anomaly in the coverage of VAT. Lubricating and certain other oils are currently zero-rated, without any real justification. We shall be laying an Order to charge them at the rate from Thursday, May 1. This will yield an additional £1m in 1980-81 and £17m in a year.

"I want also to inform the House today of my decision on one of the options for staff savings in the Customs and Excise. Concern has been expressed by a number of my Hon. Friends and by representative business organisations at the possibility that we might withdraw the facility of monthly returns for those VAT traders who are entitled to claim repayments.

"I have carefully considered representations about the effect on business cash flow, and I do not intend to pursue this option further.

"This year most of the additional revenue I need from the indirect taxes must come from excise duties. Because they are applied to a physical quantity, the real value of their yield declines in times of inflation. A number of them have not been increased since early 1977 and many have been declining in real value over a much longer period.

"Accordingly, taking the duties as a whole, I am proposing increases which will reflect the impact of the last year's inflation and keep the real yield roughly constant.

"I start with the duties on alcoholic drinks and tobacco, which were last increased three years ago. I propose from midnight tonight to increase the duties on drinks by amounts which, including VAT, represent about 2p on the price of a typical pint of draught beer, 8p on a bottle of table wine and 50p on a bottle of whisky.

"The tobacco duty will be raised with effect from midnight on Friday. Including VAT, the increase will represent 5p on the price of a typical packet of 20 cigarettes.

Change on casinos

"There will be consequential increases for most other alcoholic drinks and tobacco products, but rather less than the full amount on pipe tobacco.

"The increases on alcoholic drinks will yield £273m in 1980-81 and £288m in a full year. The tobacco increases will yield £180m in 1980-81 and £195m in a full year.

"Next, betting and gaming. I do not propose any changes in the general betting duty or the pool betting duty. But the Government has been persuaded by some of the criticisms of the present duty on casinos made by the Royal Commission on Gambling.

"Because I want to encourage their further development, I propose to abolish Vehicle Excise Duty on them. The cost in 1980-81 will be less than £2m.

"From October 1, therefore, the present duty will be replaced by one related more closely to the profitability of casinos, and designed to produce



Sir Geoffrey Howe and Lady Howe leave No. 11 Downing Street to go to the House of Commons

"Even if the tax had gone, the need for a vehicle register would have remained. This is essential to the police and for vehicle control. So much of the form-filling would have continued unabated."

"We decided it was much better to keep the Vehicle Excise Duty, but to achieve staff savings by streamlining its administration, along the lines which my rt hon friend the Minister of Transport has already proposed."

"In part of this, he is announcing today that from October four-monthly licences will be replaced by six-monthly licences. From August a stamp-savings scheme will be introduced to help motorists to budget for payment of this tax."

"If the duty is to remain, we would be wrong to allow inflation to go on eroding its real value. Because of doubts about its future, the rates of this duty have remained unchanged since 1977."

"I therefore make no apology for proposing increases in the duty on most vehicles of about 20 per cent, and on the heaviest lorries of about 30 per cent this year. As a result, the annual duty on cars will increase by 50 to 60."

"The larger increase on the heaviest lorries will reflect the high road costs which impose on the community. These changes will produce an estimated additional £240m a year, but will still leave the Vehicle Excise Duty below in real terms than after the last increase in 1977."

Electric vehicles

"I have one further small change to announce in Vehicle Excise Duty. Electric vehicles at present play only a small part in road transport. But they are much cleaner and quieter than vehicles powered by internal combustion engines, and they could bring big future energy savings."

"Because I want to encourage their further development, I propose to abolish Vehicle Excise Duty on them. The cost in 1980-81 will be less than £2m."

"In my Budget last June, I stated that there was a continuing case for measures that would help us to conserve oil. The price of petrol in the

"The scales of benefit charged to income tax have been allowed to fall well behind any reasonable measure of true values. The present figures barely cover the current cost of tax, insurance and maintenance."

"This is unfair to individuals who have to bear the full cost of car ownership, not in mention those who cannot afford to run a car at all."

"I propose, therefore, to increase by some 20 per cent the scale figures which are used for measuring the benefit of a company car for tax purposes. This change will be effective from April 1981."

"At the same time, there will be one modest relief. The qualifying annual mileage of business use above which a reduced rate of tax is charged should be reduced from 25,000 to 18,000 miles a year. In the light of our widespread consultations last year, I believe these changes will generally be recognised as fair."

Benefits in kind

"I have also been considering whether I ought to take action to charge tax on the value of petrol provided by employers for private use by their employees. This would present severe administrative problems, both for employers and for the Inland Revenue."

"Since we are retaining the VED, such large increases are not needed. Instead, I shall be increasing the duty on petrol, from 6 pm tonight by the equivalent, including VAT, of 10p a gallon."

"For the last three years the

of benefits in kind. It is consistent with that view for me to impose a reasonable charge to income tax on benefits which do remain."

"In that spirit, I approach one area this year which has so far escaped the eye of my predecessors. I refer to the provision for employees of items such as suits of clothing and television sets. I propose to double, from 10 per cent to 20 per cent, the proportion of the value of such objects taken as a measure of the annual taxable benefit."

"And I shall impose an effective charge where the items concerned are subsequently acquired by the employee for less than true value. I am also taking steps to increase from 9 per cent to 15 per cent the rate of interest used to measure the value of beneficial loans to employees and to raise to £200 the limit below which the benefit of such loans is not charged to tax."

"Fringe benefits are charged to tax only if the employee earns more than a certain amount, now £8,500. The case for abolishing this threshold has been pressed upon us. I have asked the Inland Revenue to consult employers and others about the administrative problems that might be involved in such a change."

"In the ordinary course it would be right to increase the higher rate threshold and bands by the same proportion as the increase in personal allowances. That would imply 18 per cent to tax."

"But this year the improvements in personal allowances are partially offset by abolition of the lower rate band. That change will have only limited significance for those on higher incomes. So I have decided not to raise the higher rate thresholds fully in line with inflation, as I have done for the main personal allowances, but to put them up by only about 11 per cent."

"That is, as I have explained,

"We wish to encourage the private provision of housing as well as wider home ownership. Home ownership adds to the quality of life. And private provision of housing means we can save public resources for other areas where a private sector alternative is not available."

"In money terms the threshold for the higher rates will be raised to £1,250 and the threshold to the top rate of 50 per cent to £27,750. There will be corresponding increases at the intervening points."

"So far from making the rich richer, these restricted improvements will result in an increase in the real burden of income tax for the higher rate taxpayer."

"The cost of increasing the higher rate thresholds is £100m in 1980-81 compared with a cost

"THE case for the lower rate (income tax) band was never at all clear . . . its disappearance will reduce the administrative burden on the Inland Revenue, where there will be a valuable staff saving of 1,300 posts."

of £140m if they had been fully indexed.

"I am also limiting this year's increase in the threshold to the investment income surcharge to 10 per cent, that is to £5,000. However, with a view to consistent treatment in future years, I shall include provisions in the Finance Bill which should ensure, with effect from next year, that the higher rate threshold and bands, which is in line with the rise in prices during 1979, will be increased in accordance with the indexing requirement of the 1977 Finance Act."

"Given the limited scope I have, I have considered how to avoid these consequences, I mean to do so by adopting an alternative approach. I propose to increase the main income tax allowances by 18 per cent or so, which is in line with the rise in prices and in conformity with the indexing requirement of the 1977 Finance Act."

"This will bring substantial relief to all taxpayers. But in order to afford this, I intend to remove the lower rate band of taxation, levied at 25 per cent on the first £750 of taxable income."

"This combination will protect the position of the very poorest taxpayers, whilst ensuring that basic rate taxpayers receive some, though not complete, protection from the rise in prices."

"The single allowance will be increased by £10 to £1,375 and the married allowance by £330 to £2,145. The corresponding allowances for people over 65 will go up by £120 to £1,20, and by £240 to £2,885."

"The income limit for the age allowance will go up to £300. Also, the additional personal allowance, available mainly to single parents, will go up by £10 to £70. The revenue cost of these increases in 1980-81 will be some £1,600m, offset by a saving of £750m from the lower rate band."

"This will bring substantial relief to all taxpayers. But in order to afford this, I intend to remove the lower rate band of taxation, levied at 25 per cent on the first £750 of taxable income."

"The income tax changes I am proposing will be given effect when new tax tables have been printed and distributed. They will be made together and will produce a net increase in take-home pay on the first day after May 31."

"The Fund will be set up with an initial amount of around £12m at its disposal. The Government will in future make an annual contribution to the Fund, including the amount needed for the continuation of the transfers in lieu system."

"The Fund will be set up to make it possible both today and in the future, for owners of historic houses to look after their properties on behalf of the nation as a whole."

"The last Government took a similar view and introduced provisions to assist owners to set up maintenance funds for the support of their houses. But that scheme proved to be so restrictive that it has hardly been used."

"There are also fiscal obstacles to the economic use of the available stock of property. One of these I intend to deal with this year. I propose to introduce legislation similar to that which Lord Barber introduced in 1973 enabling employees to buy shares in their companies without incurring liability to income tax."

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"Because of the practical problems posed for the life insurance industry, the change will not take effect until April 6 next year."

"Steps will also be taken to deny life assurance premium relief to certain short-term bonds. This change will take effect from today."

"Before I leave discussion of the capital markets I should add that I propose that traded options, which at present are anomalously treated as wasting assets for Capital Gains Tax purposes, should in future be treated on the same basis as share warrants."

"I hope these measures will help to encourage the wider direct ownership of shares, by altering the relative attractions of investment through the institutions and through more direct means."

"I come now to a series of measures which are intended to increase the wealth-creating vitality of our economy. That

will, of course, be that the public should have reasonable

access. These measures are intended to cement a bargain between those who have to bear the cost of maintaining the National Heritage, and the people as a whole."

The third way in which we aim to assist private action this year is by providing tangible Government support for the widespread and often unsung voluntary effort that goes on at every level of our national life.

"It is important to do all we can to help charities and to stimulate private benefactors and helpers. A partnership between Government and voluntary effort can be the best way of meeting many pressing social needs, particularly when State spending is having to be cut back. With this in mind, I have given careful consideration to the fiscal recommendations of the Goodman Committee and of the National Council of Social Service."

"I propose to double—to £200,000—the capital transfer tax exemption for bequests to charities; and to exempt wholly from development land tax all future disposals of land by charities. Income tax relief for payments to charities made under Deeds of Covenant, which has hitherto been limited to the basic rate of income tax, will be extended to the higher rates subject to a ceiling of £3,000 a year."

"A minor stamp duty easement on Deeds will be made. And in response to representations I am reducing the period for tax relief on Deeds of Covenant from seven years to four years."

"These measures, which will cost £30m in a full year, are designed to provide the right conditions for substantial growth in the important partnership between voluntary and charitable organisations."

"In money terms the threshold for the higher rates will be raised to £1,250 and the threshold to the top rate of 50 per cent to £27,750. There will be corresponding increases at the intervening points."

THE BUDGET

Capital tax changes

Continued from previous page

means giving greater encouragement to the processes of economic change, and improving incentives to the enterprise sector. For the mainspring of economic vitality it is now widely agreed that we must look to private initiative, widely dispersed and properly rewarded. Enterprise means jobs

Capital taxation

"I start with capital taxation, which is widely regarded, and rightly so, as a severe discouragement to those seeking to build up a business and pass it on to the next generation. We have, as I promised last year, submitted capital taxation to a thorough review.

"Representations from a large number of bodies have confirmed that the damage done by these taxes in their present form is out of all proportion to their yield. There is, of course, a place for capital taxation, including in particular a charge on death. But change is needed.

"What I can do this year must be constrained by our financial position. I am, therefore, proposing changes which will be of particular help to smaller businesses. This is an earnest of our determination to make further progress when economic conditions permit.

"First, the march of inflation over the years has brought far too many estates into charge to the capital transfer tax. This is a particular burden on the small business, where it passes from one generation to another, whether on death or by lifetime transfer.

"I propose therefore that the threshold for the capital transfer tax should be increased to £50,000. This will exempt from the tax at least two-thirds of the estates which would otherwise have been liable; and up to 400 fewer staff will be needed than if we had left the threshold unchanged.

"A reduction in the scale of rates above the new threshold, however much it is needed, is not possible at the moment nor are other changes I should like to have made. I am, however, making one or two minor changes designed to reduce administration.

"In the case of the capital gains tax, I am fully conscious of the impact inflation has had. It can rightly be argued that the tax often falls on what are no more than paper gains. Proposals for indexation or tapering as a means of meeting this problem have been put forward on many occasions in the past.

"I have had both proposals re-examined but the conclusion to which I have come is that both would result in an unwelcome increase in the cost of administration—for taxpayers as well as the revenue—while reducing the yield of the tax to negligible proportions.

"I cannot, however, leave matters as they are. I propose, therefore, to replace the present £1,000 exemption—which is progressively withdrawn above £5,000—by a straight forward allowance of £3,000.

"This change, which will operate from April 6, will remove tax from half the cases at present liable; and at a reasonable revenue cost, it will reduce staff requirements by 300.

Limited changes

"As a corollary of this new proposal, there will be an exemption for the first £1,500 of gains for trusts; and investment and unit trusts will not be exempted from the tax, although investors in such trusts will remain liable if their own gains in the year exceed the new exemption limit.

"Finally, I propose to remove the present double charge on gifts, which arises from the overlap between Capital Transfer Tax and Capital Gains Tax, by providing roll-over relief for the latter. This has been a particular source of grievance and one on which representations have



The Chancellor holding up the famous Budget box.

been received from a large number of people.

"The cost of these changes in the Capital Transfer Tax will be £60m this coming year and twice as much in 1981-82.

"In the case of Capital Gains Tax, there will be no cost this coming year and a cost of £25m in 1981-82. These figures need to be judged against the already rising yield of the capital taxes as a result of inflation.

"I realise that these necessarily limited changes will fall short of what many people had hoped for. But I must ask for patience in present circumstances. Meanwhile the benefit the present changes give to the small business should not be under-estimated.

"Because of the 50 per cent relief—which will remain, as will the comparable relief for agriculture—a person transferring a business worth £100,000 will pay no Capital Transfer Tax, if there are no other assets.

"We would, of course, have liked to bring similar help to businesses of all sizes. My proposals do give some measure of relief to everybody, but this year most assistance goes to small businesses. As I have already indicated there have been extensive consultations on Capital Taxation before the Budget. We propose to continue this process. There are in particular certain specialised areas

concerned solely with the genuine splitting off of independent trades within the corporate sector.

"My colleagues and I would welcome any views those outside Government might have on these proposals. It may be that further measures will turn out to be justified.

"I now turn to measures specifically designed to improve the tax environment in which the small business lives and works.

"Any business, but particularly the new small business just starting up, needs somewhere to operate.

"An imaginative and helpful new venture in recent years has been the development of estates of small industrial workshops for separate letting to small businesses.

"I propose to bring in a Small Workshops Scheme which will enable industrial buildings allowances at the rate of 100 per cent to be claimed on the construction of small industrial buildings. The scheme will run for three years, and will simplify the present administrative arrangements.

"I shall also make provision for industrial buildings allowances to be given on the construction of industrial buildings rather than on their first lettings.

"In addition to my own proposals, my right honourable

friends the Secretary of State for the Environment intends to consult on relaxation of planning controls over changes of use as between light industry and warehousing for small units.

"My right honourable friend the Secretary of State for Industry intends to make £5m available to build 1,000 new nursery factory units in assisted areas in co-operation with the private sector.

"New businesses and particularly new small businesses also need capital. Many people with capital to invest might be ready to back enterprising ventures if they knew that losses could be offset against trading income, instead of only against capital gains.

"I propose that, through a new Venture Capital Scheme, losses on equity investment in unquoted trading companies, incurred after April 5, 1980, may be set off against income.

"Next, I propose to relax the conditions for tax relief for interest paid on money borrowed for investment in, or lending to, a close company.

The present rules require an investor to have worked for the greater part of his time in the company's business. I propose to abolish that condition, and thus provide added incentive for outside investment in small firms.

"Just as important as attracting new capital from the outside is the generation of new capital from the inside, in the form of profits which are retained in the business. "The tax system has now confined for over 50 years a series of provisions under which a 'close' company may be required to justify the amount of profits which it wished to retain in the business undistributed.

"I believe that there are cases where businesses are grouped together inefficiently under a single company umbrella. They could, in practice, be run more dynamically and effectively if they could be 'demerged' and allowed to pursue their own separate ways under independent management.

"The present tax rules can in practice effectively discourage demergers of this kind, by charging the assets of the 'demerged' company to advance corporation tax and income tax as distributions.

"I propose to bring forward, during the passage of the Finance Bill, measures to ease the tax charge on distributions of this kind, subject to certain safeguards and where they are

"These changes will cut out a thicket of complex tax provisions, which are time-consuming for the small trading business, and a real impediment to growth.

"But if small companies are

been stifled by rules and regulations—and by a tax system which pays no regard to these special problems.

"Some hon. Members may recall that, in a speech made on the Isle of Dogs, a little less than two years ago, I put forward a proposal for trying to bring new life back to these areas of urban dereliction.

"The idea was not politically partisan. For my thinking had taken place in parallel with that of the distinguished Fabian Professor Peter Hall. Quite independently, we had concluded that there was much to be said for the establishment in these man-made wildernesses of what I have called 'Enterprise Zones.'

Capital allowances

"I am, therefore, pleased to be able to announce today action by the Government which will transform into reality the idea which I then put forward.

"We are proposing to establish, in the first instance, about half a dozen Enterprise Zones—with the intention that each of them should be developed with as much freedom as possible for those who work there to make profits and to create jobs.

"Each will cover perhaps 500 acres. Within these Zones two major tax incentives will be available; first, 100 per cent capital allowances for both industrial and commercial buildings; and, second, complete relief from development land tax.

"But fiscal concessions are only part of what is needed.

"These Zones will, therefore, enjoy the following additional benefits: 100 per cent derating of industrial and commercial property; a drastically simplified planning scheme; exemption from the scope of industrial training boards (with consequent exemption from industrial training levies); accelerated handling of applications for warehousing free of customs duty; minimal requests from Government for statistical information; and abolition of the remaining industrial development certificate procedures.

"I hope and believe that an imaginative experiment along these lines may succeed where conventional policies have proved inadequate. No one can doubt the need for change from present arrangements.

"In far too many of our towns and cities today, and for too many businesses, particularly small and new ones, the gap between a productive idea and a foreseeable profit has widened into a chasm of red tape. And the same red tape all too often stands between a young school leaver and the prospect of a job.

Policy document

"Even before this proposal had any official status at all, there has been no lack of interest in the idea. The Government will be consulting local authorities and other interests before decisions on individual areas are made. Fuller details will be found in the policy document, which is being issued this evening. There could not be a better time for making a fresh start of this kind.

"For in the decade that lies ahead, Britain has the opportunity of following a more hopeful path. We have ended the 1970s with a society that is becoming less tolerant, because we live with an economy that has been growing no richer. The 1980s can be very different.

"The disappointments of the last decade spring from illusions that have persisted too long: the illusion that we can pay ourselves what we have not earned; the illusion that governments may go on borrowing when they dare not tax; and, most foolish of all, the illusion that we can somehow strike our way to higher living standards.

Restoration of prosperity

"The essential condition for success in the 1980s is that we should turn our backs on those illusions that we should have the courage, over a period of years, to carry through the realistic policies to which there is no alternative.

"In this Budget I have tried to set those policies in a strategy for the medium term. Nothing will be easy in the years immediately ahead. But beyond that the strategy offers hope of real success.

"It is a strategy for the defeat of inflation, by the re-establishment of monetary control. It is a strategy for the restoration of prosperity, by the encouragement of enterprise.

"Politics is not only the art of the possible, it is also the art of the necessary. The strategy outlined in this Budget is designed to do what is necessary—and so lay foundations for the success which is within the grasp of the British people.

The Chancellor sat down at 5.35 pm after having spoken for 1 hour 59 minutes.

The impact on earnings

Single person—income all earned

Income	Charge for 1979/80		Proposed charge for 1980/81		Reduction in tax after proposed changes
	Income tax	Percentage of total income taken in tax	Income tax	Percentage of total income taken in tax	
1,500	83	5.6	37	2.5	46
2,000	212	10.6	187	9.4	25
2,500	362	14.5	327	12.5	25
3,000	512	17.1	487	16.2	25
3,500	662	18.9	637	18.2	25
4,000	812	20.3	787	19.7	25
4,500	962	21.4	937	20.8	25
5,000	1,112	22.8	1,087	21.7	25
6,000	1,412	23.5	1,387	23.1	25
7,000	1,712	24.5	1,687	24.5	25
8,000	2,012	25.2	1,987	25.5	25
9,000	2,312	25.7	2,287	25.4	25
10,000	2,612	26.1	2,587	25.9	25
12,000	3,296	27.5	3,187	26.6	100
15,000	4,588	30.6	4,344	29.0	244
20,000	7,020	35.1	6,687	34.4	242
25,000	9,721	38.9	9,256	37.0	465
30,000	12,663	42.2	12,050	40.2	612

Married couples—income all earned

Income	Charge for 1979/80		Proposed charge for 1980/81		Reduction in tax after proposed changes
	Income tax	Percentage of total income taken in tax	Income tax	Percentage of total income taken in tax	
2,000	46	2.3	0	0	46
2,500	171	6.8	106	4.3	61
3,000	217	10.6	156	8.5	61
3,500	267	13.4	206	11.6	61
4,000	312	15.4	256	13.9	61
4,500	367	17.1	306	15.7	61
5,000	417	18.4	356	17.1	61
6,000	527	20.3	456	19.3	61
7,000	617	21.7	546	20.8	61
8,000	717	22.7	636	22.0	61
9,000	817	23.5	726	22.8	61
10,000	917	24.2	816	23.6	61
12,000	1,206	25.3	1,096	24.6	60
15,000	1,496	28.6	1,407	26.8	279
20,000	2,094	33.5	1,892	31.5	402
25,000	2,694				

THE BUDGET

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Details of Howe's taxation changes

SIR GEOFFREY HOWE, the Chancellor, yesterday announced the following proposed tax changes.

Income tax

To increase the single person's allowance and the maximum wife's earned income relief from £1,165 to £1,375 and the married allowance from £1,815 to £2,145.

To increase the age allowance annual allowance from £850 to £770.

To increase the ge allowance for the single person from £1,540 to £1,820, for the married from £2,455 to £2,895, and the age allowance income limit from £5,000 to £5,900.

To abolish the lower rate of 25 per cent on the first £750 of taxable income.

To extend the basic rate band to £1,250.

To increase the width of the

45 per cent band to £5,500 and the widths of the 50 per cent and 55 per cent bands to £5,500.

As a consequence of these changes, the structure of personal tax rates in operation in 1980-81 will be:

Bands of taxable income

0-11,250	30
11,251-13,250	40
13,251-16,750	45
16,751-22,250	50
22,251-27,750	55
Over 27,750	60

It is proposed—

To raise the threshold for the investment income surcharge for 1980-81 from £5,000 to £5,500.

To extend to the income tax rate bands and the investment income surcharge threshold the provisions requiring an annual revision in the light of changes in the prices index.

To exempt wholly from tax the pensions and annuities from certain gallantry awards.

To introduce a relief for widows in the year of the husband's death.

To reduce tax allowances for children overseas in 1981-82 and withdraw them in 1982-83.

To make certain changes in the measurement of the taxable benefit from beneficial loans and the provision of assets for employees, and, with effect from 1981-82 to alter the scales which measure the taxable benefit of company cars and the provisions which modify them by reference to the extent of business use.

To amend the law so as to provide tax reliefs for savings-linked share option schemes and to improve the reliefs for profit sharing schemes.

To reduce the rate of tax relief for life assurance premiums from 17 per cent to 15 per cent with effect from the year 1981-82, and to withdraw relief for premiums on insurance policies taken out from today in connection with certain short-term bonds.

To increase the normal percentage limit on retirement annuity relief from 15 per cent to 17 per cent to increase correspondingly the limits for individuals born before 1916, to abolish the premium limit and to introduce a carry-forward of unused relief.

To extend from 1981-82 onwards, the tax relief allowed to individuals for covenants in favour of charities, to the higher and additional rates; to reduce from "over 6 years" to "over 3 years" the minimum period for which a covenant in favour of a charity must run to be effective for tax purposes.

To allow income tax relief on certain capital losses on equity investment in unquoted trading companies.

To revise the rules of subcontractors' tax deduction scheme.

Corporation tax

It is proposed for the financial year 1979 to fix the "small companies" rate of corporation tax at 40 per cent (previously 42 per cent) and to increase the limit for that rate from £50,000 to £70,000 and the limit for marginal relief from £100,000 to £130,000.

Corporation tax and capital gains tax

It is proposed:

To exempt authorised unit and approved investment trusts from tax on their capital gains, and end the present credit system for their investors.

To end the treatment of trading options as wasting assets.

Petroleum revenue tax (PRT)

It is proposed:

To increase the rate of PRT from 60 per cent to 70 per cent for chargeable periods ending after December 31, 1979.

To advance payments of PRT for the chargeable period to June 30, 1981 and succeeding chargeable periods.

Special provisions are pro-

posed: for gas fractionation and valuation; for gas banking arrangements; for unreduced expenditures on the transfer of an interest in an oil or gas field; and for fields spanning the Median Line between the

UK and Ireland.

Income tax and corporation tax

Stock relief: deferral of recovery charges

Capital allowances: leasing

Capital allowances: enterprise zones

Capital allowances: small industrial buildings

Ending apportionment of trading income of close trading companies

Relief for cost of raising loan finance

Relief for demergers

Corporation tax

Reduction in small companies' rate and increase in limits

Corporation tax and capital gains tax

Exemption for unit and investment trusts (and removal of credit for investors)

Petroleum revenue tax

Increase in rate

Advance petroleum revenue tax

Gas fractionation: valuation; and gas banking

Capital gains tax

£2,000 exempt slice for individuals and £1,500 for trustees

Rollover relief for lifetime gifts

Development land tax

Option to have liability on a deemed disposal fixed in advance

Other minor items

Capital transfer tax

Increase in threshold

Increase in exemption limit for charitable gifts

Other minor items

Capital transfer tax and income tax

Maintenance funds for historic buildings, etc.

Stamp duties

Raising of thresholds by £5,000

Other minor items

TOTAL INLAND REVENUE

CUSTOMS AND EXCISE

Value added tax

Increase in registration limits

Increase in rate of VAT on lubricating oils

Excise duties

Increase in rate of duty on light oil, etc

Increase in rate of duty on heavy oil for use in road vehicles

Increase in effective rate of rebatable oil duty

Increase in rates of tobacco products duty

Increase in rates of spirits duties

Increase in rates of beer duty

Increase in rates of wine and made-wine duties

Increase in rate of duty on cider and perry

Replacement of gaming licence duty

Restructuring of gaming machine licence duty

Increase in rates of bingo duty

TOTAL CUSTOMS AND EXCISE

VEHICLE EXCISE DUTY

Increase in rates of duty

Abolition of Vehicle Excise Duty on electrically-propelled vehicles

OTHER

Bus Fuel Grants(n)

Total Changes in Taxation

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To extend to the income tax rate bands and the investment income surcharge threshold the provisions requiring an annual revision in the light of changes in the prices index.

To exempt wholly from tax the pensions and annuities from certain gallantry awards.

To introduce a relief for widows in the year of the husband's death.

To reduce tax allowances for children overseas in 1981-82 and withdraw them in 1982-83.

To make certain changes in the measurement of the taxable benefit from beneficial loans and the provision of assets for employees, and, with effect from 1981-82 to alter the scales which measure the taxable benefit of company cars and the provisions which modify them by reference to the extent of business use.

To amend the law so as to provide tax reliefs for savings-linked share option schemes and to improve the reliefs for profit sharing schemes.

To reduce the rate of tax relief for life assurance premiums from 17 per cent to 15 per cent with effect from the year 1981-82, and to withdraw relief for premiums on insurance policies taken out from today in connection with certain short-term bonds.

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To reduce the rate of tax relief for life assurance premiums from 17 per cent to 15 per cent with effect from the year 1981-82, and to withdraw relief for premiums on insurance policies taken out from today in connection with certain short-term bonds.

To increase the normal percentage limit on retirement annuity relief from 15 per cent to 17 per cent to increase correspondingly the limits for individuals born before 1916, to abolish the premium limit and to introduce a carry-forward of unused relief.

To extend from 1981-82 onwards, the tax relief allowed to individuals for covenants in favour of charities, to the higher and additional rates; to reduce from "over 6 years" to "over 3 years" the minimum period for which a covenant in favour of a charity must run to be effective for tax purposes.

To allow income tax relief on certain capital losses on equity investment in unquoted trading companies.

To revise the rules of subcontractors' tax deduction scheme.

Corporation tax

It is proposed for the financial year 19

THE BUDGET

PETROLEUM REVENUE TAX

Rate increased 10% and payment in advance

THE CHANCELLOR announced in his Budget speech that the Finance Bill 1980 will contain a number of provisions relating to Petroleum Revenue Tax (PRT). The changes will include increasing the rate of PRT from 60 to 70 per cent.

RATE OF PRT
1—It is proposed to increase the rate of PRT from 60 per cent to 70 per cent for chargeable periods ending after December 31 1979.

ADVANCE PAYMENT OF PRT
2—PRT is assessed for chargeable periods, normally of six months ending on June 30 and December 31. A participant is required to submit a return within two months after the end of a chargeable period and at that time make a payment on account of his PRT liability (assessed tax normally being due four months after the end of the chargeable period).

Any underpayment or overpayment is made good by a further payment by the participant or a repayment by the Revenue.

3—It is proposed that the participant will make an advance payment of PRT six months before the payment on account is due. The amount of advance payment will be the greater of:

15 per cent of the assessed liability (less tax in dispute) for the previous but one chargeable period; and 15 per cent of the payment on account for the previous chargeable period.

4—The advance payment will be set off against the payment on account to be made for the chargeable period when it is calculated six months later.

For example, for the chargeable period to June 30, 1981 the advance payment due on or before March 1, 1981 will be set off against the payment on account due on or before September 1, 1981.

5—It is proposed that the new arrangements will take effect for the chargeable period to June 30, 1981 (the advance payment being made on or before March 1, 1981) and also for succeeding chargeable periods though not necessarily at the same date (15 per cent).

6—It is proposed to charge interest where the advance payment falls short of the greater of the amounts in paragraphs 3.i. and 3.ii. above or is made late and to pay interest in respect of repayments of advance payments.

GAS BANKING ARRANGEMENTS

7—With "gas banking" ranging

ments (which vary considerably in form) the common feature is that the participants in a field, producing to much gas for their present requirements, "deposit" their surplus gas with participants in another field ("the banker" field) and "withdraw" it later when they need it.

Under present tax rules, this gas is brought into the depositors' tax computations at market value at the time it is deposited, even though no payment is received for it at that time.

8—It is proposed to provide, in regulations to be made by the Board of Inland Revenue, alternative tax rules more appropriate to the circumstances of various gas banking arrangements. Adoption of this alternative basis will be optional.

GAS FRACTIONATION

9—Gas is normally separated into its components (streams of methane, ethane, propane, etc) before sale. The present PRT rules allow the cost of separating methane only. It is proposed to allow the full separation costs and to enable the gas to be sold in its separated state.

TRANSFER OF FIELD INTERESTS

10—The PRT legislation

makes no special provision concerning the treatment of expenditure when interests in an oil or gas field are transferred from one participant to another.

Consequently, field expenditure which has been incurred, but not effectively relieved against PRT at the time of a transfer, might be "stranded" with relief for the expenditure not available to the successor even though it is of no use to the original owner.

Also, expenditure incurred before the transfer will not generally count for the purposes of any "safeguard" relief available to the successor.

11—It is proposed to enable the successor to a field interest to obtain relief for unrelied expenditure incurred before the transfer.

TRANS-MEDIAN LINE OIL AND GAS FIELDS

12—Certain fields, for example Statfjord, straddle the trans-median line between the UK and Norwegian sectors of the continental shelf.

It is proposed that the PRT charge in respect of a trans-median line field should be based on the oil and gas attributed to the UK licensees under the utilisation treaty for the field.

Small business industrial buildings

Small Workshops Scheme
The Chancellor announced measures to encourage provision of small industrial buildings for small businesses.

100 per cent capital allowances for small industrial buildings—for a period of three years, capital expenditure on the construction of industrial buildings providing working space of 2,500 sq ft or less will qualify for 100 per cent initial allowance instead of the usual industrial buildings allowance, which consists of an initial allowance of 50 per cent followed by annual write-down allowances of 4 per cent.

Expenditure on the improvement, alteration, or extension of such a building will also qualify for 100 per cent initial allowance, provided the building is still within the size limit after the expenditure has been incurred.

The extra relief will apply to expenditure incurred after March 26, 1980, and before March 27, 1983.

Where expenditure on an industrial building qualifies for 100 per cent initial allowance, the owner will be able to elect to have the initial allowance reduced to any amount he specifies. In this case he will receive straight-line annual write-down allowances of 25 per cent in respect of the balance of his expenditure. For example, if an initial allowance of 40 per cent is claimed, the writing-down allowances on industrial buildings will be 16 per cent.

Statement of practice on

allowances for three years will be 25 per cent, 25 per cent and 10 per cent respectively.

The 100 per cent initial allowance will apply to small industrial buildings which are let as well as those which are owner-occupied.

Acceleration of relief for landlords of industrial buildings

The Finance Bill will also contain provisions amending the industrial buildings allowance rules so that the 50 per cent initial allowances (or 100 per cent initial allowances if the provision above applies) is given for industrial buildings constructed for letting by reference to the date when the construction expenditure is incurred. At present, the initial allowance is not due until the first tenancy begins, and uncertainty about when it will be given has reduced its value as an incentive.

This change will be effected by repealing the proviso to Section 1(4) Capital Allowances Act 1968, and will thus apply to industrial buildings constructed for letting of any size.

It will apply to expenditure incurred after Budget Day, and also to expenditure incurred earlier which, because of the proviso, has not yet qualified for initial allowance. In the case of such expenditure, the initial allowance will be given as though the expenditure had been incurred on March 27, 1980.

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THE BUDGET

• CAPITAL GAINS

New relief for people who let their property

The Inland Revenue later gave details of the changes in Capital Gains Tax proposed by the Chancellor.

At present, where a house is wholly occupied as the owner's only or main residence, any gain on sale is exempted from capital gains tax. But if part of the house is let the exemption applies only to the part occupied by the owner, any gain on the let part being charged to capital gains tax. The new proposal extends relief to the let portion subject to two restrictions: the relief on the let portion should not exceed an amount equal to the relief on the part occupied by the owner, and it should be subject to a maximum of £10,000.

Where a house has not been the owner's only or main residence for his whole period of ownership, relief is (subject to certain exceptions) restricted to the period of occupation. But the last 12 months are disregarded in making the restriction. This is to cover the case of the owner-occupier who puts up his house for sale and moves out but cannot find a buyer immediately. In future the period allowed will be 24 months. This will apply to disposals on or after April 6. It will supersede the existing concession which extends the period to 24 months only where the disposal takes place within those 24 months.

An individual who makes a gift to another individual will be able to roll over his capital gain if both so claim. If any retirement relief (Section 124 of the Capital Gains Tax Act 1979) is due to the donor, the gain will be reduced by this with only any balance being rolled over.

In the case of business assets, the new relief provides the same, or a greater, measure of relief as the existing provision (Section 126 of the Capital Gains Tax Act 1979) for a gift to an individual. That provision will therefore be superseded except where the donee is not an individual.

Interaction with allowances

Any capital transfer tax paid on the gift will be treated on a subsequent disposal as expenditure incurred by the donee, even if it is paid by someone else, except to the extent that it would create a loss. The new relief will apply to gifts made on or after April 6.

Authorised unit trusts and approved investment trusts will be exempted from corporation tax on their chargeable gains. This will apply to their disposals after March 31.

As a consequence, the credit for investors in these trusts will cease for disposals after April 5. Section 31 (2) of the Capital Gains Tax Act 1979 provides

that on the disposal of an asset any consideration taken into account in making a balancing charge under the Capital Allowances Act 1968 is not to be deducted from the amount of the disposal proceeds in the capital gains tax computation. Doubts have been expressed about the application of the provision where the disposal value of machinery and plant is brought into account under Section 44 of the Finance Act 1971. It is proposed to clarify the position by amending subsection (2). This amendment will have effect for disposals on or after March 26.

Treatment of traded options

A traded option is currently treated as a wasting asset (Section 138 (2) of the Capital Gains Tax Act) with the result that its cost of acquisition is written down progressively throughout the period it is held; only the balance remaining at the time of its disposal can be set against the sale proceeds in computing any capital gain or loss which may have accrued.

It is proposed to bring the treatment of traded options into line with that of share warrants. Where, therefore, a traded option is disposed of after April 5, the wasting asset treatment will not be applied and so the full cost of acquisition will be taken into account in the capital gains tax computation. Furthermore, the abandonment of a traded option will be treated as a disposal (at present Section 137 (4) of the Capital Gains Tax Act prevents this).

The Chancellor proposed to introduce a relief whereby losses on equity investment in unquoted trading companies may be set against income. Relief will be available only for losses which arise on disposals of unquoted shares in qualifying trading companies. A company will qualify if:

it has been a trading company (within the meaning of Paragraph 11, Schedule 16, Finance Act 1972) within the three years before the disposal, except that a company whose trade consists wholly or mainly of dealing in shares, securities, land or commodity futures will be excluded; it was a trading company for at least the six years up to that time, or if shorter, for the whole period of its existence other than the first year; and it has always been resident in the UK.

Relief will be available to individuals taking up ordinary shares in the company (as distinct from those buying their shares from others, inheriting them or being given them).

Relief will be available where the loss arises on a sale at arm's length for full consideration; on a distribution in the winding up of a company; or on a deemed disposal (under Section 22(2),

• TAXATION OF BENEFITS

Talks on earnings threshold

IN HIS speech the Chancellor announced a number of changes in the tax treatment of benefits in kind provided for directors and employees earning £8,500 pa or more. He also announced that the Inland Revenue would be undertaking consultations on the retention of the earnings threshold.

Cars

1.—The benefit from the availability for private use of a car provided for an employee by reason of his employment is taxed by reference to a scale relating to the type of car. No change is proposed in this scale for 1980/81; but an Order will be laid shortly, increasing by 20 per cent for 1981/82 the amounts in the scale and the cash figures used as breakpoints between the bands in the scale. This will have the following effect:

Present scale
Cars costing up to £8,000 £190
1300 cc or less 250
Over 1300 cc 380
Cars costing £8,001-£12,000 550
Cars costing over £12,000 660

1981/82 scale
Cars costing up to £8,000 £190
1300 cc or less 250
Over 1300 cc 380
Over 1800 cc 450
Cars costing £8,001-£14,400 660
Cars costing over £14,400 1,050

figures are reduced by one half if the car is used for 25,000 miles or more a year on business. From 1981/82 the qualifying mileage will be reduced to 18,000 miles.

2.—At present the benefit from the provision of a car with nil or insubstantial business use (insubstantial being taken for this purpose as 10 per cent of total use) is taxed by reference to 20 per cent of its original price, apportioned between business and private use on a mileage basis.

From 1981/82 insubstantial business use will be defined for this purpose as 1,000 miles or less a year, and the benefit will be taxed at one-and-a-half times the scale figure. The benefit from a second or subsequent car provided for an employed

already being provided with a car will also be taxed at one-and-a-half times the scale figure from 1981/82, regardless of the extent of its business use.

Loans

4.—At present the benefit from a cheap or interest-free loan, the interest on which would not be eligible for tax relief, is calculated by reference to the prescribed rate of 9 per cent per annum.

From May 6, 1980, this rate will be increased to 15 per cent. This means that loans outstanding during the whole of 1980/81 will effectively be taxed by reference to a rate of 14.5 per cent.

5.—The de minimis limit below which the benefit from a loan is not taxed is increased from £50 to £200 with effect from 1980/81.

6.—At present the value of the benefit from an asset (other than a car) placed at the disposal of an employee is taxed each year by reference to 10 per cent of its market value at the time it was first provided (or the rent or hire charge paid for it by the provider, if greater).

If it is subsequently acquired by the employee, the benefit taxed is the excess of its market value at the time of acquisition over the price paid by the employee.

7.—Where such an asset is provided for the first time on or after April 6, 1980, the benefit will be taxed by reference to 20 per cent of its market value at the time when it was first provided. If it is substantially acquired by the employee, the benefit taxed will be the amount by which that original market value, less the amount taxed during the intervening period (before any deductions for business use), exceeds the price paid, if this is greater than the excess of the current market value over the price paid.

8.—These new rules will apply 1982/83 at the earliest.

9.—The increase in the prescribed rate of interest for cheap loans was authorised by a Treasury Order laid yesterday, and the changes in the car scales will be similarly authorised. The remaining changes will be implemented by legislation in this year's Finance Bill.

Threshold

10.—At present the special rules for taxing benefits in kind apply only to directors and higher paid employees; for this purpose "higher paid" employees are currently those earning at the rate of £8,500 p.a. or more.

The Inland Revenue's consultative paper on the taxation of cars as a benefit issued last August raised the question whether this threshold should be retained in respect of cars.

Before coming to a decision on the retention of the threshold for this and other benefits the Government has authorised the Inland Revenue to have further consultations.

Application of PAYE

11.—The consultative paper on cars also drew attention to the administrative difficulties, both for the Revenue and employers, if the threshold were abolished and benefits continued to be taxed as at present by adjustment of the employee's PAYE coding.

It suggested the possibility of adding the monthly or weekly equivalent of the benefit in cash remuneration each pay day and deducting tax from the combined total. The Government has authorised further consultation on this suggestion for cars and also certain other benefits.

A decision whether to retain the threshold would be taken in the light of consultations on this issue also.

Implementation

12.—The Government has no intention of introducing any changes as the result of these consultations until the year 1982/83 at the earliest.

Public Expenditure White Paper

More for defence, the law, health; less for jobs, housing, education

THE GOVERNMENT'S public expenditure White Paper, published yesterday sets out

Spending plans for 1980/81 and

provisional plans for the

following years up to 1983/84.

The White Paper completes

the Government's survey of

public expenditure in its first

year. The main points are:

• The Government intends to reduce total public expenditure progressively in volume terms over the next four years to a level in 1983/84 about 4 per cent lower than in 1979/80.

The time limit for making the claim will be two years after the end of the year for which the relief is claimed. Any unused balance of the loss will be available to be set against capital gains. The proposed legislation will be included in this year's Finance Bill.

Exemption for first £3,000 of gains not exceeding £1,000 a year are exempt and there is a restricted measure of relief above that level. For 1980/81 onwards this will be replaced by a new relief under which an individual whose total net gains in a year of assessment do not exceed £3,000 will not be liable to capital gains tax. Where the gains exceed £3,000 the first £3,000 will be exempt and the excess will be charged at the rate of 30 per cent.

The new relief, like the existing relief (Paragraphs 4 and 5, Schedule 1, Capital Gains Tax Act 1979), will also be available to the trustees of a settlement for a mentally disabled person, or for a person in receipt of attendance allowance, and to personal representatives for gains accruing to them in the year of death and in the two following years of assessment.

Exemption for first £1,500 of gains of trusts: Trust created before June 7, 1978: For 1980/81 onwards there is to be a new relief for these trusts in place of the existing one (Paragraph 6, Schedule 1, Capital Gains Tax Act 1979). Trustees of a settlement whose total net gains in a year of assessment do not exceed £1,500 will not be liable to capital gains tax. Where the gains exceed £1,500 the first £1,500 will be exempt and the excess will be charged at the rate of 30 per cent.

Trusts created on or after June 7, 1978: There is to be a new relief for these trusts for 1980/81 onwards. This relief will be similar to that for trusts created before June 7, 1978, except where a person is the "settlor" (as defined in Section 454(3), Income and Corporation Taxes Act 1970) in respect of one such trust (other than certain exempt trusts). In that case the exempt slice will be the amount which results from dividing £1,500 by the number of such trusts, subject to a minimum exemption slice for each trust of £300.

Losses: For all the above relief, losses incurred during the year will be set off against gains of the year, but losses brought forward will be used only to the extent necessary to reduce gains to the appropriate level for the exempt slice.

Relief will be available to individuals taking up ordinary shares in the company (as distinct from those buying their shares from others, inheriting them or being given them).

Relief will be available where the loss arises on a sale at arm's length for full consideration; on a distribution in the winding up of a company; or on a deemed disposal (under Section 22(2),

Main points in the Government's public expenditure White Paper include progressive cuts in public spending; projection of the UK's net contribution to the EEC on the basis of existing arrangements; and increased funding for defence, law and order, health and social security. Details are set out here.

its and maturity benefit) in November 1980 by five percentage points less than the estimated increase in the retail price index—these benefits are not at present taxed but should be. Retirement pensions and many other benefits will be raised next November in line with forecast prices. Extra fuel help for the poor next winter will be financed from the contingency reserve. It is proposed to end the earnings-related supplement from January 1.

Expenditure in 1982/83, the last year covered by the previous Government's plans (Command 7439), is planned to be 11 per cent (nearly £9bn in 1979 survey prices) lower than in those

years. The main points are:

• The contingency reserve in 1980/81 is increased since Command 7746 from £6bn to £1bn. This is precautionary: the Government will aim to avoid or minimise any additional expenditure from the reserve and to keep as much as possible of the reserve unspent. The reserve provision for the later years rises progressively to £2bn in 1983/84.

1980/81

The plans for 1980/81 have been reduced since the short White Paper showed the result of the Government's first scrutiny of the plans for 1980/81, designed to stabilise public spending for the time being. The importance of the changes in direction already agreed in that first scrutiny, in relation to the plans of the previous Government, made early public guidance appropriate. The continuing growth of the money supply, which required the corrective action announced by the Chancellor of the Exchequer on November 15, 1979, together with worsening economic prospects generally, showed the need for further reductions in planned expenditure. These are incorporated in the present White Paper.

The combined effect of the changes in both White Papers is to reduce planned expendi-

titure in 1980/81 by about 5 per cent (£4bn in 1979 survey prices) below that planned by the previous Government in its White Paper of January, 1979 (Command 7439).

The plans in this White Paper are the basis for setting the cash limits for 1980/81. It was announced on March 14 that the provision for pay and price increases in 1980/81 over 1979/80 is 4 per cent for most current expenditure, slightly more for capital expenditure.

The Government intends to hold the cash limits determined at the start of the financial year. Unless costs are contained with the provision in the 1980/81 cash limits for cost increases, these limits will require a reduction in the planned volume of expenditure in that year. Account has been taken of this possibility in the general allowance for shortfall for 1980/81.

The largest single expenditure programme is social security. This grew by nearly £5bn between 1974/75 and 1979/80 while other programmes declined (net) by £3bn, and it now accounts for about a quarter of the total and is still rising. This programme and four others—defence, housing, education and health—together account for over two-thirds of the total.

The plans reflect the Government's policy to give greater priority to defence, law and order, and to maintain the planned growth in spending on the national health service. These programmes are planned to rise throughout the period.

The main reductions over the period are in the industry, energy, trade and employment

and environmental services.

• Education provision in the later years has been reduced, reflecting a continuation of economies to be made in 1980/81 and the fall in pupil numbers.

• As a result of decisions announced by the Secretary of State for the Environment on February 21, provision for housing has been reduced for 1980/81 since Command 7746. Lower figures are projected in the later years, reflecting the reduction in local authorities' building programmes and the Government's commitment to reduce housing subsidies.

• Education provision in the later years has been reduced, reflecting a continuation of economies to be made in 1980/81 and the fall in pupil numbers.

The main decisions are:

• Defence spending rises at 3 per cent a year up to the end of the period.

• Law and order spending rises by 2½ per cent a year, to provide for more current and capital expenditure on police, courts and prisons.

• In the social security programme, provision is made for an increase next November of 75p a week in child benefit and 50p a week in the premium payable to single-parent families, for improvements in the family income supplement scheme, and for upgrading certain national insurance benefits (the adult rates of unemployment, sickness, injury and invalidity bene-

fits).

• By the end of the period, the projection is that the nationalised industries, in aggregate, will be making net repayments of borrowing as current losses are reduced and underpricing of electricity and gas is eliminated.

• Civil Service numbers are on a downward trend, and local government manpower is also expected to decline overall

• Total public expenditure, before shortfall and special sales of assets

Programme and contingency reserve

Net overseas and market borrowing of nationalised industries

Special sales of assets

Planning total

General allowance for shortfall

Planning total after shortfall

£ million at 1979 survey prices

1980-81 1981-82 1982-83 1983-84

1. Defence -65

THE BUDGET

PERSONAL TAXATION

Tax changes that mean little

WITH HIS increases in the main income tax personal allowances, and the abolition of the reduced rate band, the Chancellor has managed to achieve a double. The 18 per cent increases in allowances meet, almost exactly, the requirements of the Rooker/Wise clause, that those allowances be increased annually in line with inflation. On the other hand, the removal of the reduced rate of 25 per cent provides sufficient compensation in revenue terms for those increases in allowances. On their own they would have caused too heavy a loss. But also doing away with the reduced rate enables the Chancellor to simplify the structure and to save staff.

The increase in the personal allowance from £1,815 to £2,145 would provide a benefit for a married man living on a basic rate of £992. The abolition of the 25 per cent tax rate on the lowest £750 of his income produces an offsetting cost of £37.50. But the overall position of the married man with children is further improved by the rise in child benefit from 54 to £4.75 promised for the autumn.

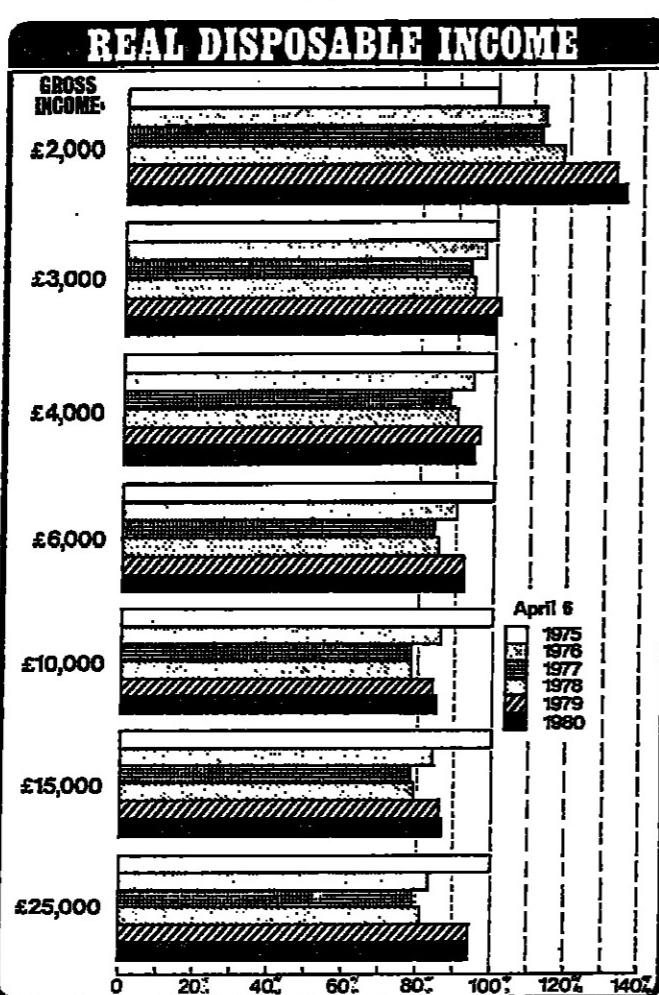
For a single man, the increase of £210 in the personal allowance, and absence of the lower rate, provides a net benefit of £23.50 if he pays tax only at the basic rate. Those paying higher rates at the margin clearly benefit more in pure money terms, but less as a proportion of income.

The higher rates of tax (40 per cent to 60 per cent) remain unaltered, but the threshold at which each of the bands commence has been lifted by approximately 11 per cent. The top rate now cuts in at a taxable income of £27,750.

The investment income threshold has been lifted from £5,000 to £5,500, but no more drastic change proved possible—all that we have is a promise that for future years this figure, and those for each band of the higher rates will be fully indexed.

A welcome relief has been provided for widows—the single persons allowance in the year of bereavement will in fact be equal to a married persons allowance. And the single parent's allowance is also increased by £120 to £770. The personal reliefs for the elderly go up by 18 per cent.

There were three other tax changes affecting individual taxpayers generally—two of them welcome, and the third



less so but not unexpected. This last is the cut in the rate of tax relief on life assurance premiums from 17 per cent to 15 per cent. But it will not become effective until April 1981.

There is a welcome removal of what many have always seen as an anomaly—the charge to capital gains tax on the sale of a house where its owner has let some part of the accommodation and himself used only the remainder. And equally welcome will be the relief now to be given against the higher rates of tax for charitable deeds of covenant. The ceiling for these is £3,000 per annum, and deeds themselves can now be for four years only in place of seven.

The overall picture of the main income-tax "changes" must be that they amount to little. At all income levels up to just over £12,000, the

married man will benefit by around £60 per annum. Over that figure, where the benefits of the raised threshold and wider bands of the higher rates become effective, the benefits are much greater.

The table shows, for seven representative taxpayers with earnings ranging from £2,000 to £25,000, what has been the effect on their real disposable incomes—spending power left in his pocket by the Chancellor is what budgeting is about for the individual taxpayer. The assumption has been made that each of them had the maximum permitted increases in earnings during three years of pay policy from April 1975 to April 1978, and that since then they have been in line with the average increases in earnings. Tax and national insurance are taken out, and child benefit for two children added in. The net spendable income numbers so

arrived at have then been other assets which continue to belong to the employer have been doubled to 20 per cent of the original cost for assets provided after April 5, 1980.

Those at the bottom of the incomes scale, so long as it is true that they have been able to hook their earnings increases to what is probably mis-called the "norm," have steadily improved their standards of living. Those at the other end are behind the game, but not so far behind it as they were two years ago. But surely the middle range, including for instance the young executive on £10,000 should have been better treated than he has?

The Chancellor has started his promised attack on perks in a small way. He hopes that his other measures will induce employers to reduce their provisions and he has singled out three areas for immediate attention.

The scale rates on which the users of company cars are taxed are to be increased by around 20 per cent from April, 1981, while the qualifying mileage at which the rates are halved for high mileage users is to be reduced from 25,000 miles per year to 18,000. The proposed figures will still only represent about 40 per cent of the Revenue's estimates of the cost of running a car with an annual mileage of 8,000; the Revenue's figures are based on AA estimates for 1979 and with this lead time in translating statistics into taxable benefits the company car continues to be extremely valuable for the ordinary employee. However, cars whose business use is indiscriminate will be taxed at 1½ times the scale figure. Insubstantial use is re-defined as less than 1,000 miles per year. In addition the benefit of second and subsequent cars provided by the employer will also be taxed at 1½ times the scale figure from April, 1981 regardless of the extent of business use.

The Chancellor wishes to tax separately the provision by the employer of petrol for private use. However, he sees great administrative problems and will discuss the matter with employers. Again he hopes that his strictures will decrease the provision of private petrol, and he is not therefore committed to tax this benefit separately in next year's budget, pending the promised discussions.

The assumed values on which tax is charged where an employee is allowed the use of

David Wainman

DRINK AND TOBACCO

Relative relief all round

THE DRINK and tobacco industries collectively gave a large sigh of relief at the lower than expected increases in excise duty on beer, wines, spirits, and cigarettes. Had the Chancellor decided to increase duties in line with inflation since they were last increased in 1977—then the price rise for both cigarettes and alcoholic drinks would have been at least double if not more.

The tobacco industry, which has been smarting at criticism of the bad effects on health of smoking, had expected a much higher increase in the belief that an attempt would be made to discourage smoking as well as raise revenue. However, the 5p increase on a packet of King Size cigarettes—which are smoked by six out of every ten smokers—was slightly less than the 6p per packet increase absorbed by the manufacturers and not passed on to smokers.

The Customs and Excise estimate that the effect of the duty increase will be to bring in another £180m in 1980-81 and £195m in a full year. The tobacco industry already pays about £2.5bn in duty plus a further £500m in VAT. The latest increase means that duty and VAT combined account for nearly three-quarters of the total revenue earned by the tobacco industry.

Apart from cigarettes, the duty increases will mean about 5p per packet extra on five whiffs or ten small cigars. Hand-rolling tobacco will go up by 7p per 25 gram pack, while pipe tobacco will be less at a 3.75p increase for a 25 gram pack.

On the drinks side the brewing industry has proved traditionally resilient to changes in duty in the past. The last increase in excise duty of 10 per cent in January 1977 led to an annual fall of 1.3 per cent but the previous year was exceptionally good because of the weather.

This year the industry does not see any reason to alter its pre-Budget forecasts of total demand up by just under 2 per cent. Its main worry is not so much with the increase in excise, about which there is relief, but the increased transportation costs.

Distribution has proved to be one of the most vulnerable of brewing industry considerations and higher distribution costs this year following wage settlements of over 20 per cent will particularly hit the Big Six national brewing groups.

There were some indications last night that the price of a pint of beer in many parts of the country will probably increase by 3p a pint. The large

groups in particular are likely to have to do this in order to cover increased costs.

The trade has some scepticism about the Chancellor's projected increases and last June the increase in VAT which the Government expected would mean an extra 2p a pint led to a rise of 3p.

Publicans are fairly pleased with the Chancellor's announcements. His moves on gambling machines are likely to hit the clubs which have been able to sell much cheaper beer because of the subsidy involved. The duty-related increase will also be proportionately higher on club beer than that sold in public houses.

Despite public protestations about the increase of 5p on a bottle of whisky, distillers in Scotland are happy that the industry escaped the increases it believed were on the way. The consensus among analysts and the City had been increases of between £1 and £1.40 a bottle.

Whisky prices have, in effect, risen twice this year already. The switch to metrication led to a price increase at the beginning of the year of 3p a bottle. And last month the distillers announced price increases which have resulted in 30p a bottle.

Davi Churchill,
Gareth Griffiths

STRIKERS' BENEFITS

Raising the cost of going on strike

THE DECISION to raise the cost of going on strike by reducing the level of benefit that strikers can claim for their families is a political not a financial one.

As the Chancellor said in his Budget Speech, payments to strikers are "widely and understandably resented." He has been persuaded by the argument that social security payments are sufficiently generous to influence workers' decisions whether to strike, and how long to stay out.

The measure, which Mr. James Prior, Employment Secretary, has always been keen to introduce, is designed to shift the balance of industrial power towards the employer and at the same time to give trade unions more control over their members.

Details of the plan have yet to be announced, but it is likely to apply to official as well as unofficial disputes. When a worker goes on strike, he will be assumed to be receiving £12 a week even if his union is not giving strike pay. This sum,

£2 higher than originally proposed, is about the most that any manual trade union allows (it is double the dispute benefit of the Transport Workers') and slightly less than that of the most generous white-collar unions.

Trade unions do not run large strike funds in Britain—partly, it is argued, because Britain is one of the few countries which pays social security benefit to strikers' families.

In most years they spend only a fraction of their income on dispute benefit. Most of their outlay is on administration. Their assets are tied up chiefly in their own office buildings and in equity portfolios.

When a major dispute occurs, they may sell their investments or start a strike levy. Sometimes, as in the case of the Iron and Steel Trades Federation today they decide to pay no benefit at all, but spend their money on administration of the strike and propaganda. The ISTC—a relatively rich union worth about £15m in all—has spent over £15m running the

strike. If it tried to match the Government's £12 "deemed" strike pay, it would be facing a bill for a further £14m.

The great majority of British strikes are unofficial. Generally they are short and it takes time for the necessary procedure to declare a strike official. Sometimes unions will not support a strike for financial reasons.

The logic of the deemed proposal is that unions should now raise subscriptions substantially to match Continental or U.S. levels, and build up big strike funds with which to do battle. This may or may not be what the Government intends, but it is unlikely to happen to any great extent.

More probably, unions will take the hardship factor greater account, and one result of that might be to reinforce an already visible trend—especially in the white-collar field—to take selective action involving small numbers in sensitive areas like computer centres.

The sums involved are not very great at present, even in exceptional years like 1971

when benefit paid to strikers totalled £4.3m (the post office dispute), 1972, when £2.5m was paid mainly to miners and builders; and 1974 when £5m was paid to miners. The strike has cost about £5m in supplementary benefit.

Last year, for example, strikers' dependants received a total of £2.5m. Nearly 50,000 strikers qualified—to be eligible the strike has to last more than two weeks—and just 251 received benefit for themselves qualifying under the "urgent need" heading. Their average weekly payment was £17.39 for the main category.

Thus the sums generally become significant only when there is a long, all-out dispute.

According to a study by the engineering employers, supplementary benefit is generally paid to only a small proportion of strikers, and seldom accounts for more than a quarter of the family's income during the dispute. In long disputes the ratio of that receiving supplementary benefit can rise to a third or a half.

Much more important sources

of income are tax rebates, savings, pay "in hand" and the spouse's earnings. In some cases one can add income from "moonlighting"—especially among craftsmen who can readily turn their skills to good use.

As well as "deeming" strike

pay of £12 a week, the Chancellor has abolished the what

is known as the "disregard" used for assessing eligibility for supplementary benefit. At

present, the first £4 of a

striker's income, whether from

tax rebate or his union strike

fund, and the first £4 of his wife's earnings are disregarded when calculating the shortfall between his resources and his needs.

In future, the full tax

rebate would be taken into account, which appears to be a further disincentive for the striker.

In addition, and as part of

the wider proposal to tax

unemployment benefit, social

security payments to strikers'

families would become taxable.

Christian Tyler

PETROL AND VEHICLE EXCISE DUTY

Heavy lorry handicap

THE PROPOSED increases in duty on petrol, diesel fuel and vehicle excise duty will add an estimated £300m to industry's costs in a full year.

The road haulage industry will have to find an extra £90m in vehicle excise duty (VED) and £55m extra for diesel fuel. That adds about 1.5 per cent to daily operating costs, according to the Freight Transport Association.

The industry is in the grip of recession—exacerbated by the steel strike—and it is extremely doubtful if all the increase can be passed on to customers. Hauliers have already fallen behind and failed to recover 15 per cent of a 21 per cent cost increase in 1979.

By increasing the VED on goods vehicles of over nine tons unladen weight by 30 per cent again, 20 per cent on other vehicles. And post offices will be transferred to an increased number of post offices.

The latest changes will involve a ten-ton lorry having to carry a VED load of £1,072 a year compared with the previous £524.

Thirdly, the official rates at which beneficial loan arrangements are to be taxed has been increased from 9 per cent to 15 per cent with effect from May 1980. The threshold below which no charge arises has been substantially increased from £50 to £200 of interest per year and loans which would in any case qualify for tax relief continue to be exempt from any charge. Any interest paid by the employee is deducted from the interest charge at the official rate.

Thus an employee may borrow £1,333 interest free for a full year for any purpose without incurring a tax charge; a £25,000 loan repayable over five years without interest would give a tax charge on £755 in the first year.

All of these special charges on benefits in kind continue to apply to directors and to employees earning in excess of £50,000 per year. Sir Geoffrey implies that he agrees with representations from some professional bodies that there is no valid reason for treating the higher paid more severely than other employees for these purposes although he foresees considerable practical difficulties for employers and the Revenue if benefits are to be tax in the hands of all employees. He proposes to consult employers during the next year and to review the matter in next year's Budget.

David Wainman

sales are not expected to fall significantly following the 10p increase in a gallon price rise that came into force last night.

The 10p increase, which will take the average price of a gallon of four star from about 12.5p to 13.5p, includes VAT and duty. Duty has been put up by 3.64p a gallon from 36.82p to 40.46p. The total tax take from road transport is estimated to have risen from 43.4 per cent to 47.5 per cent.

But the major oil companies, including Shell and BP Oil, said petrol sales would probably only fall temporarily and volumes could well recover within a matter of days. They were sceptical about the Chancellor's claim that duty on petrol and other oil products should be increased so as to prevent oil reserves being wasted.

The increased tax on petrol will yield an extra £450m. Duty on derv has been increased by 3.64p a gallon which will add an extra 4p a gallon to pump prices and yield £55m. The duty on fuel oil, lubricating oils, gas oil and aviation fuel has been increased to 3.5p. The revenue will be about £50m.

The Chancellor warned that he would introduce a duty on petro given free to employees if the practice continued to grow. At present around 60 per cent of all cars—there were 14.5m on the roads last year—are company owned.

Petrol sales are currently growing at around 2 per cent a year and over 5.6m gallons expected to be sold in 1980.

Shell said the average motorist buys 330 gallons a year and the latest tax rise would add just over £3

THE BUDGET

PUBLIC EXPENDITURE

A steady reduction in spending

"THE MOST far-reaching review in recent times of medium-term expenditure plans" is how the Chancellor characterised the public spending decisions which were at the heart of his Budget Speech and of the financial plans unveiled with it. His hope is clearly that he will be judged on the immediate cuts that he has announced for 1980-81, but also, and mainly, on the steady reduction in public spending which he plans to carry through between now and the next General Election, in 1984.

The cuts proposed for next year are very much in line with pre-Budget expectations of around £700m, in terms of the "funny money" (1978 survey prices) which is used to measure the volume of public spending. In the event, cuts in specific programmes amount to £685m. At prices ruling in 1978-80, the Chancellor estimated this as being equivalent to £900m.

By far the biggest cut (£92m) is administered to that regular Budget scapegoat, the housing programme. The other major reduction (£182m) is in the Export Credit Guarantee Department, with smaller sacrifices being spread broadly over most other government activities, except law and order.

Having inherited plans for

Despite the social security cuts which were the centrepiece of the Chancellor's announcement, the social security budget will be £31m higher next year than the estimate in the White Paper of November, 1979.

In addition, the Chancellor has kept up the tradition of imposing across-the-board cuts on all departments without the need for detailed political agreement in Cabinet by failing to take full account of the likely rate of price and wage inflation, in setting the cash limits which determine how much money each department is actually allowed to draw from the Treasury.

The cash limits have assumed inflation of 14 per cent between 1978-80 and 1980-81. Since the Chancellor in fact expects the outcome to be "a point or two higher," the cash squeeze will reduce public spending by a further £700m. This is, if anything, a slightly smaller reduction than City analysts were expecting. Perhaps because there is little in the immediate future to satisfy the "hawks" in the Conservative Party, it is on the medium-term projections that the Chancellor wants to concentrate attention.

This comparison no doubt overstates the contrasts between the two administrations' true intentions with regard to public spending, since Labour's plans were laid before last year's oil crisis and would certainly have been modified in the present, much gloomier, economic environment. The plans in the present White Paper, for their

rapid increases in almost all categories of public expenditure from its Labour predecessors, the Government's initial reaction, in June and November last year, was to put all its efforts into holding spending constant in real terms. Only

now has the Chancellor taken the bit between his teeth and committed himself to a marked annual reduction in the volume of public spending.

In constant 1978 survey prices, expenditure on programmes (that is, excluding debt interest, contingency reserve and short-falls) is planned to decline steadily from £71.7bn in 1978-80 to £70bn in 1980-81, and ultimately to £66.4bn in 1983-84. If these plans are achieved, there will be a fall of 4 per cent in real terms over the next four years. By 1982-83, public spending will be 11 per cent below the volume planned in the dying days of the Labour Government.

This comparison no doubt overstates the contrasts between the two administrations' true intentions with regard to public spending, since Labour's plans were laid before last year's oil crisis and would certainly have been modified in the present, much gloomier, economic environment. The plans in the present White Paper, for their

part, become less and less firm as one moves towards the end of the planning period, in 1984.

Beyond 1980-81, the sums allocated for the programmes which will bear the brunt of reductions seem to be statements of general intentions, rather than projections of what specific measures may cost in future years. Many of the painful political decisions which will be required to reduce the housing programme from £4.7bn in 1980-81 to £2.8bn in 1983-84 and the industry and employment programmes from £2.9bn to £1.8bn between the same years have yet to be made.

Nevertheless, the White Paper does underline an all-important difference between the attitudes of the two governments. The Chancellor drew attention to this when he said

that the Government would no longer be prepared to build public expenditure on wishful thinking. Throughout the White Paper there is an admirable emphasis on caution, which is typified by the decision to use part of the £685m reduction announced to add £250m to the contingency reserve, rather than to make the bottom-line spending total look more dramatic.

The growth assumption em-

bodied in the figures is of 1 per cent per annum growth between now and 1984. Furthermore, far from making any premature credit for a cut in the EEC budget contribution, the paper's expenditure totals include provisions for a modest increase, on the basis of present arrangements. Any favourable developments will significantly relax the constraints assumed in the White Paper and the medium-term monetary plan.

The difficulty of making the sort of cuts which this medium-term plan requires is greatly exacerbated by the Government's pledges to maintain the growth of some of the biggest programmes. Thus defence is to grow by 3 per cent a year, rising from £7.7bn in 1978-80 to £8.7bn in 1983-84. Law and order will grow by 2 per cent a year, to £2.7bn, and health by 2 per cent to £9.5bn. The scope for offsetting increases in the cost of health care through higher charges is clearly very limited in relation to these magnitudes, as evidenced by the announcement that the increase in prescription charges, which is bound to be highly unpopular, will raise only £30m in a full year.

Anatole Kaletsky

WIDER SHARE OWNERSHIP AND PROFIT-SHARING

Two steps forward . . .

IT WAS part of the Conservative party's election manifesto that a Conservative government would "expand and build on existing schemes for employee share ownership." The Government has now taken two steps in this direction. The first is to make more attractive a scheme under which employees are granted shares by their company as a way of sharing out its profits. The second is to restore the thrust of legislation originally introduced by Lord Barber in 1973 which reduced the tax payable on the exercise of employee options which allowed them to buy shares in their company at a fixed price.

This tax break was subsequently removed by the Labour chancellor, Mr. Denis Healey. The first, or "profit-sharing" scheme, originally resulted from Liberal pressure at the time of the Lib/Lab pact and was introduced in the 1973 Finance Act. Three improvements are now to be introduced, which will go some way to appease critics of the scheme in its current form. The value of shares which can be granted to each employee will be increased from £500 to £1,000 per year, thus making the scheme more relevant to

senior executives. The period of five or seven years, the employee receives a tax-free bonus. Second, he will not be charged income tax on any increase in the share price over the option price—i.e. on the increase in the value of his option.

The Labour Government greatly reduced the appeal of the original Lord Barber version of this scheme by making any profit arising from an increase in the share price liable to income tax.

The exact taxation provisions of the new version, and the annual contribution which will be allowed under the linked SAYE scheme, have not yet been spelt out. The details should become available in the next two to three weeks according to the Inland Revenue.

In the 1973 version the employee could contribute £500 per year and receive a bonus of £250 after five years and another of the same amount after seven years. One important change in the new version is that the SAYE scheme will be administered exclusively by the Department of National Savings.

The scheme involves two potential tax benefits. First, at the end of the saving periods

Nicholas Colchester

DEMERGING

Splitting the giants

SHORTLY BEFORE Christmas Mr. John Nott, the Secretary of State for Trade, surprised the City and his own department by announcing that a Government working party was looking into ways of making it easier for large companies to break themselves up into their separate components.

Mr. Nott's years as a merchant banker have left him a profound cynic about the virtues of synergy, economies of scale, and the other catch phrases of the takeover boom in the early 1970s. And his views took on a topical note when the General Electric Company (GEC), let it be known at a delicate stage of its unsuccessful bid for Racal that its senior management had for some time been considering the possibility of splitting the group up into half a dozen separate businesses.

The UK Offshore Operators' Association, which represents the North Sea oil industry, said the latest proposed changes would still hit the companies' confidence in offshore operating conditions. "The proposals affected the stability of PRT and were contrary to the promises given by the Wilson government that the tax would not be used as a short-term regulator," Mr. George Williams, director general, said. The industry wanted a stable tax regime.

He said the price of oil had risen in real terms by around 46 per cent since 1975. This increase had been more than matched by raised tax levels even before the present Budget. The Government's share of profits had already risen to a maximum level of 83.92 per cent of net revenue.

"The main effect of the Budget will be one of shaken confidence," Mr. Williams said. "Confidence in a stable environment is badly needed if the industry is to increase the rate of exploration which is required."

Ray Daftor

OPTIONS
Brokers pleased

BROKERS ARE enthusiastic about the proposed change in the treatment of Capital Gains Tax on traded options.

"We now have the basis for a proper investment market," said Mr. P. R. Stevens, the partner in the stockbroking firm of Laurie Milbank, who has been heading the Stock Exchange Committee submitting evidence for a change in the tax position. If this is approved, CGT will be charged on the same basis as share warrants.

At present, traded options are treated as wasting assets for Capital Gains Tax purposes. The cost of a call option closed before expiry is, for CGT purposes, the purchase premium multiplied by the number of days to the expiry of the call contract, at the sale date, divided by the number of unexpired days when the option was bought. In other words, an investor taking out a call option at 6p could still be liable to CGT even if the price of the contract fell to 2p. The Chancellor's proposal means that traded options will be treated in the same way as any other security.

The wasting asset treatment has been blamed for the often sluggish volumes seen on the traded options pitch since it opened in the London Stock Exchange two years ago.

The City has yet to see the fine print of the Budget changes. In particular, it is uncertain whether the CGT exemption granted to pension funds will be extended to any profits they take from trading in options.

But, as Mr. Derek Millard, of Grieveson Grant, said, the change in tax status to a share warrant basis "opens the game up. It is all systems go, and the stockbroking firms which have been battering away in this market for the last two years now stand a chance of making good profits."

These profits will not be possible for businesses to get relief in two succeeding years.

Michael Lafferty

THE SELF-EMPLOYED and others not in a company pension scheme are being given more help in making their own pension provision through a life insurance scheme. As from 1980/81 the Chancellor is first lifting the limit on contributions for tax relief at 15 per cent of earnings with an overriding maximum limit. This maximum has been increased from 15 to 17½ per cent of net relevant earnings with the higher percentages available to persons born before 1916 each being increased by 2½ percentage points.

Second, the Chancellor has abolished the overriding ceiling of £3,000 on premium contributions. The only limit on contributions, which qualify for tax relief at the person's top rate, is the percentage of earnings. Carried forward provisions of unrelied premiums will be ended.

This is the first major change made to the tax relief given to

self-employed pension holders for many years. The self-employed have for many years been campaigning for the right to put more aside towards their retirement. (Such persons have to make their own provision, since there is no basic state pension.) The self-employed organisations have continually pointed out that their members are discriminated against compared with the treatment given to controlling directors, who can make more generous pension provision under current tax rules.

The Chancellor has also relaxed the rules for calculating relevant earnings so that it will no longer be necessary to deduct personal charges, such as mortgage interest. On the other hand, stock relief will be deducted like capital allowances and losses.

Eric Short

LIFE ASSURANCE

Short-term bonds hit

THE CHANCELLOR brought to a swift end the sales by certain companies of short-term income bonds offering extremely high returns over one- and two-year periods.

Such rates, which rose to more than 19 per cent net of basic rate tax on one-year bonds, were possible because the plans consisted of two or more life policies, one of which qualified for life assurance tax relief. The separate policies were combined artificially to obtain maximum use of this relief, so that the actual return came more from the tax relief than from the underlying investments.

These profits will not be possible for life assurance companies to show that, individually, they can stand up

commercially on their own. It is obvious that the companies concerned cannot do this, because all have either withdrawn their short-term income bond schemes ahead of the Budget or on receipt of the information.

The move has been welcomed by the Life Office Association, which deplored the use of tax relief in a manner not intended by the authorities. Almost all the life companies involved were not members of the LOA.

The Chancellor also announced the reduction in the rate of life assurance tax relief from 17½ per cent to 15 per cent with effect from April 6, 1981. This will bring the rate of relief back to half the basic rate tax.

Before April last year, relief for life assurance premiums was

given automatically at half the basic tax rate, the policyholder receiving the benefit by having his tax code adjusted. From April 1979, the system was changed so that the policyholder now pays premiums net of tax relief and the insurance company reclaims the tax from the Revenue.

The 17½ per cent rate was fixed in 1976 when the change-over was first mooted, being half the basic rate at the time. It was also agreed that insurance companies would be given one year's notice of a change in rate. No notice was given in the 1979 Budget, in spite of the standard rate being lowered to 30 per cent.

Eric Short

Mainstream activities still protected

for 100 per cent capital allowances if they had been buying the plant or machinery themselves.

The Inland Revenue emphasised yesterday that 100 per cent capital allowances are intended to encourage the modernisation and expansion of UK industry. The Government considers that investment incentives should not be made available indirectly through leasing to other lessees, and in respect of assets which would not normally have qualified.

The Chancellor's proposals are thus intended to limit 100 per cent allowances for leased plant and machinery to those cases where the fixed assets would have qualified for the allowance if they had been bought directly by the lessee. Plant and machinery which falls outside this category will now only qualify for writing down or depreciation allowances at 25 per cent a year, on the reducing balance basis.

The Inland Revenue says that three classes of lessee will be affected:

• Non-residents: the proposals

apply to all non-UK residents lessees, except where the asset is to be used for the purposes of a UK trade. This appears to cover export leasing, bringing it within the limited rules on "foreign-to-foreign" leasing announced last October. Export leasing by members of the Equipment Leasing Association last year amounted to only £80m. However, lessors have looked on this as a growth area, and there are likely to be claims that the change will put certain UK exports at a competitive disadvantage with those from other countries.

Another measure in the Budget will have a major impact on the personal leasing market. Here individuals with temporarily high tax bills have often found it possible to defer these liabilities into later years with lower tax rates by leasing assets such as containers.

In future such individuals will only be able to set off 100 per cent capital allowances against their non-leasing income "where the allowances arise in the course of a trade to which the lessor devotes substantially the whole of his time." It resembles a similar measure many years ago against those stockbrokers with loss-making market gardens.

Michael Lafferty

STOCK RELIEF

Relief against the 'dip'

THE CHANCELLOR has come up with a simple but no doubt welcome device for giving temporary relief to businesses which might face extra corporation tax bills solely as a result of temporary "dips" in year-end stock

values. The move is intended to help those companies put in this position by an industrial dispute or short-term liquidity pressures.

"Unless special action was taken

the tax would in many cases be payable in the following year

and the move is intended to help those companies put in this position by an industrial dispute or short-term liquidity pressures.

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FINANCIAL TIMES

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Thursday March 27 1980

A statement of intent

Sir Geoffrey Howe's second Budget has proved a great deal less exciting than his first; but it is also a great deal more important. A Chancellor who was last year impatient to enact a party manifesto has this year embarked on what will prove, if it is successful, a historic break in economic strategy. It is a full expression of monetary strategy, since the Government has this year given the highest priority to ensuring that its own demand for credit is consistent with the monetary target it has laid down, correcting two years of expensive error. More important, this Budget is part of a declared medium-term strategy.

A revolution

This is not only a fundamental revolution in the management of our affairs—the end, for the intended future, of traditional demand management—but an act of some daring. Any Chancellor who puts a plan for sharp medium-term cuts in public expenditure at the centre of his strategy risks being accused of wishful thinking.

The future cuts must depend in part on matters beyond the effective control of any Minister—the actions of the local authorities, the trading performance of state industries, movements in the long-term rate of interest, and most difficult of all, perhaps, the enforcement of tight cash limits across the bargaining table. The Government has in fact set itself a very ambitious programme.

However, it is also clear that ransom is available to redeem any hostages to fortune. If the Government's plan is bold on the expenditure side, it is very cautious in its underlying assumptions. Instead of distributing "planned" or "expected" growth which seldom, in the event, materialised, it is based on a projection of a 1 per cent annual rate of growth of GDP after a setback in the current year. Further, no credit is taken for any easing of the burdens of EEC membership;

Above all, however, it is clear that the control of public borrowing is now an over-riding policy commitment. In an unprecedented table, the Budget Red Book sets out what is termed an "implied fiscal adjustment"—that is, the scope for net tax reliefs assuming that spending and growth forecasts are correct. Here again, the Government's determination is evident.

The projections also explain the urgency of the need to cut spending. Despite cuts of more than 4 per cent over the next three years, it will be two years before Sir Geoffrey is in a position to make any net reductions in the tax burden. The need to cut back public sector borrowing so that monetary growth can be reduced steadily at falling interest rates must take priority. Indeed, it is only the projected growth of North Sea revenue which can finance this deferred hope for the future. In effect, the Government has chosen to accommodate part of the excessive growth of personal incomes in the last two years by cutting the social wage. Without North Sea oil, and the massive financial correction which it will make possible, only a drastic cut in real income could now restore the economy to balance.

Cash flow pressure

Taken as a whole, this seems to us a sane and credible strategy, which should in due course convince the financial markets that so far as Government policy can make it possible, we are now set on the road to recovery. However, the strategy also has a message for both sides in industry which may not be so readily apparent. It is that under a Government prepared to give such total priority to reducing monetary inflation, the threat implied by uncompetitive costs is not going to go away. On the contrary, it will intensify.

This was apparent not only in the Chancellor's warning that the Government could not manage the exchange rate but in his decision to take only the most limited steps to relieve the cash flow of the corporate sector, which is under such heavy pressure. He preferred, he said, to take steps which would relieve the pressure on interest rates.

This decision may disappoint some employers, but seems to us a right one. A tax reduction, as much as a relaxation of monetary control, would risk conveying the old message—or the deadly illusion, as the Chancellor called it—that in the last resort a Government will always come to the rescue of those who have run into difficulty through their own folly. A reduction in interest rates, achieved by a tough Budget and cuts in spending is another matter. The cost is apparent; and lower interest rates will do more to help growing and credit-worthy companies—and especially those which have succeeded in controlling their costs—than a hand-out through the tax system.

Enterprise was also the theme of the most interesting part of Sir Geoffrey's tactical budget—his measures for the coming year. The tax reliefs for small businesses are well calculated to increase incentive and to leave the entrepreneur a much freer hand in managing his own business. His measures to encourage direct investment by employees are also welcome, as his hint that he hopes in future to reduce the whole bias of our financial system towards institutional investment.

The social benefits

Much of the noise provoked by Sir Geoffrey's budget may be generated by his measures affecting social spending. We would strongly endorse his central points. Social security cannot be exempt from general austerity, and once this is granted, the measures are on the whole sensible and humane.

The Government's decision to tax social benefits from 1982 ought to be non-controversial and the cuts in some benefits, including the elimination of earnings-related supplements, are steps along this road; and the cut in what is effectively a Government subsidy to strikers is welcome on its own account. We regret the failure to protect the real value of child benefit, which represents a sacrifice of Conservative principle, and the raising of prescription charges yet again is a somewhat insensitive measure, which hardly seems worth the small saving in cost. Another penny on cigarettes would have been less unpopular and better for health.

The rest of the tax measures are broadly neutral and call for little comment. The lower-rate band will be little mourned except by its begetters in Transport House and the failure to preserve the real values of all bands and allowances is reasonable in an austere year; indeed, it is right that those whose incomes have increased excessively last year should suffer fiscal drag. This confirms the overall impression of a Budget whose sober consistency of purpose seems to have silenced the Opposition in Parliament and deservedly so. If the Government can stick to the strategy outlined, this was an historic occasion.

THE BUDGET may not have been an exciting one for the man-in-the-street, who would be advised to look to other sources for his kicks. But for the economic observer it is a very exciting Budget indeed.

At long last, decisions have been made in a coherent framework. Without pretending to be able to foresee the future, there is a strategy for those elements which Governments can influence.

At long last a Chancellor has admitted—even stressed—that most of the detailed changes are mainly necessary to offset inflation. Indeed, Sir Geoffrey has pioneered a new concept of partial indexation, which clearly recognises inflation but does not pretend that real wages real benefits and real tax thresholds can be guaranteed irrespective of economic conditions.

The Financial Statement—or "Red Book"—which outlines the decisions and strategies at long last is a coherent and logical document. Expenditure decisions are put side-by-side with revenue ones in actual rather than "funny" money.

The most important substantive point about the medium-term framework is that it is based on the average growth actually recorded in 1978-79. This is 1 per cent per annum. Moreover that 1 per cent starts from the expected level of output this year, one of recession with output expected to fall by 2½ per cent. (Indeed, some abstract wording about "the margin of error looking unrealistically low" is a hint that the forecasting machine originally came out with a much larger figure for the drop in output this year.)

Barring some international or domestic catastrophe, actual growth in the period up to 1984 is almost certain to be more than the Government's projection. For once the figures in a

General Government Receipts at 1978-79 prices^a (£bn)

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Taxes on income, expenditure and capital	48.3	52	52	52	54	55
National Insurance, etc	10.2	10	10	10	10	10
Interest and other receipts	6.5	4	5	5	5	5
Total receipts	65.0	66	67	67	69	71

^a Converted to 1978-79 prices by using the deflator for GDP at market prices.

	GENERAL GOVERNMENT RECEIPTS					
	1978-79 Prices (£bn)					
	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Total expenditure	74.0	74	74	73	71	70
Total receipts	65.0	66	67	67	69	71
Implied fiscal adjustment	—	—	—	2	3	3
General Government Borrowing Requirement (GGBR)	9.0	8	7	5	4	3
PSBR	9.3	8	6	5	4	3
(as percentage of GDP at market prices)	5	4	3	2	2	1

medium-term document err deliberately on the side of caution instead of assuming improvements before they have occurred.

The result is that there is almost certain to be a "budget margin" in the mid-1980s which could be used either for reducing taxes or increasing public spending—or introducing the Britain/Riley North Sea Oil Stock. Even the Conservative official projections provide a modest margin of £3·5bn for 1983-84 under the label "Fiscal adjustment."

Is it too much to hope that, however much people may disagree with individual social decisions—for example on Child Benefit, Unemployment Benefit, or prescription charges—they will at least accept the Financial Statement as a coherent framework into which they can feed their preferred alternatives? The same applies to those who might like a different short-term or long-term path for the financial variables such as the money supply.

The short-term decisions make

the Budget a tough one, both on the fiscal and the monetary side. After allowing for inflation, the Budget provides for real discretionary increases in tax revenue of over £1bn and for expenditure cuts of £900m (or £75m including an increased contingency reserve).

The actual PSBR figure is expected to fall from £9bn in the year now ending to £8bn in 1980-81. More important, this represents a drop from 42 per cent to 37 per cent in public borrowing as a proportion of the Gross Domestic Product (GDP). This is a stage in the hoped-for reduction to 1½ per cent by 1983-84.

In a different atmosphere, one might regard the short-term judgement as erring on the tough side. But with actual inflation around 20 per cent and confidence in the anti-inflationary strategy still to be established, this is probably the right direction on which to err.

The depressive effect on output will, in my view, be to a large extent offset by lower interest rates and a lower real

exchange rate than we would otherwise have. Moreover, a built-in regulator is provided.

For because of the medium-term framework, it will be possible to separate in a rough and ready way an innocuous PSBR overrun which reflects a deeper than expected recession from a worrying one reflecting a failure of spending control.

The most dubious element in the short-term forecasts as published is the expected continuing £2·5bn deficit on current account.

This covers a period in which the result of the contraction in real demand will be a rise in exports and fall in imports relative to trend. This improvement on current account would help to sustain output.

But unfortunately unemployment is still likely to rise fairly fast until the monetary targets are met through wage settlements. The main source of trouble here is in the Government's own public sector backlog; and the addition to it of the "corset" which has been distorting the money supply figures downwards is to be removed. The target, therefore, represents some intensification of the monetary squeeze, compared with the average of a year ago.

The last few months.

There is an unpublished forecast of the temporary boost to the money supply which is likely while corset distortions such as bank acceptances are unwound.

ing exceeds present forecasts that some temporary overstatement will be allowed in the monetary figure.

The monetary target seems to me as lenient as it can be and as severe as it dare be. Much more important than monthly fluctuations is the assurance that the commitment to a phased reduction of monetary growth to around 6 per cent by 1983-84 is a firm one and takes precedence over the public sector projections should any conflict between the two arise.

Propponents of a medium-term strategy do not need to be told that writing down the figures is only the first stage and that the political difficulties of implementation lie ahead. The most important next step in establishing credibility is for the Government to stop issuing long-term, non-indexed gilt-edged securities yielding 14 or 15 per cent.

For by doing so the Government accepts a fiscal burden which would be prohibitively costly if it really did expect inflation to fall to 5 or 6 per cent. Before Ministers can convince others, they must convince themselves. Government securities represent long-term contracts completely different in character from normal wage agreements. Their indexation would represent no more of a "hostage to fortune" than the issue of ordinary nominal securities during a period of stability.

But I do not want to end on a sour note. Without the statement of intentions, goals and expectations stretching further ahead than the usual one year crop cycle, we would simply be facing a conventional recession, with nothing to show for it but the normal return to inflation when policy is reversed. At least there is now something for which to aim and to hope.

Samuel Brittan

A coherent Budget at last

on matters like this that one sometimes wonders about the political judgment. Tory back-bench revolts are already becoming embarrassing; there could be more.

Not least, there must be a question mark over the Government's diplomacy. The message that must have gone to the chancelleries of Europe last night was that the Government was raising the issue of defence costs, especially for the British Army on the Rhine, and linking it indirectly with the question of Britain's contribution to the European Community budget. Sometimes it is better to unleash these bombs in private. But then the Treasury was never the place for defence or diplomacy, or perhaps for Europeans.

Finally, it should not really be the job of a political commentator to make the Budget look more attractive than it is. The Government still has some way to go on presentation.

Malcolm Rutherford

New philosophy for a diverse society

THE PROBLEM with Sir Geoffrey Howe's second Budget is that of separating the wood from the trees. The Chancellor spoke for two hours and outlined perhaps a record number of proposals, yet few of them are of any major significance in themselves. The real question is how to fit them together. Do they add up—not so much financially but as into a coherent political programme?

Giving Sir Geoffrey the slight benefit of the doubt, the answer is probably yes, with blemishes. The Conservatives' first Budget last year was aptly described as a Manifesto Budget. It did as much as possible of what was promised in the election manifesto within the time available and against an economic climate that was more hostile than had been expected.

The year is the year of consolidation and the short-term prospects are even worse: a sharp fall in output, a continuing rise in unemployment and no great reduction in the rate of inflation. Yet the Chancellor has still introduced the Manifesto Budget Mark 2. Anyone looking for a

This vision may not be being sold very effectively in the country, but it is no longer possible to say that it no longer exists at the highest level of government.

There is another characteristic which has become a hallmark of this Government, and that is the tendency to be more pessimistic about the future performance than is perhaps strictly warranted. Sir Geoffrey has now joined Mrs. Thatcher in saying publicly that the seeds of Britain's decline were sown in the 1950s and early 1960s, a period of Conservative rule that it was fashionable until recently to look back on as a golden age.

Under the new Conservatism any forecast of early improvement is regarded with distaste. It is as though the Government is terrified of promising jam tomorrow in case the revenues to provide it do not materialise.

Sir Geoffrey went to some length to outline special help for the needy and disabled. There must be "safety net," he said. In other words, he is now talking about a social market economy, and not simply a free market economy.

In another passage he seemed to hint again at following the West German example. That was his reference to the National Economic Development Council. Before the election Sir Geoffrey wished to turn this into a forum for greater consultation between government, management and

unions along the lines of the German concerted action. The idea was frowned on by Mrs. Thatcher. One senses now that it is coming back.

It is worth noting, however, that if it does it will do so without the slightest concessions to import controls or to a so-called new industrial strategy. The Chancellor gave nothing away on these fronts.

Now for the blemishes. The

Government has a tendency to go for minor savings at maximum political cost.

Prescription charges are the clearest example. This is the third time within a year that the Government has put them up. Such action simply creates the impression that it cannot think of anything more strategic to do except to tinker with the existing system.

Sir Geoffrey has also chosen

to ignore the political storm

signals about child benefits which are already strong even in his own party. It would have cost him an extra £150m to have raised the benefits to £5 a week instead of £4·75. It is

on matters like this that one sometimes wonders about the political judgment. Tory back-bench revolts are already becoming embarrassing; there could be more.

Finally, it should not really

be the job of a political commentator to make the Budget look more attractive than it is. The Government still has some way to go on presentation.

Malcolm Rutherford

Q. Where is the nearest Assisted Area to London and the South East?

A. Corby, Northants. Britain's newest Assisted Area.

THE BUDGET

SMALL BUSINESSES AND ENTERPRISE ZONES

Wide range of innovations

IN THE last few minutes of his long Budget speech yesterday, the Chancellor of the Exchequer produced a package of measures aimed at boosting industrial enterprise in general and encouraging small businessmen in particular, which far outstrips anything introduced since the current political interest in small firms started nearly three years ago.

Mr Harold (now Lord) Lever tried manfully to persuade a less than enthusiastic Labour Government to introduce such measures when he was given special responsibility for the subject late in 1977; but he never came within sight of the range and scale of yesterday's innovations.

But despite the range of the measures, which the Confederation of British Industry said last night was "imaginative," some small businessmen's lobby groups will not be satisfied. They will continue to complain that, while the measures may help some businesses at specific stages of their development—for example when they are first being set up or are being transferred to new owners—the vast mass of companies will still be hit by the high levels of interest rates and the lack of specific interventionist policies such as Government-subsidised loan funds.

In all, Sir Geoffrey Howe unveiled more than 15 ideas, finishing with his own personal brainchild—the creation of

"enterprise zones" in areas of special industrial decay where it is hoped to attract businesses of all sorts and sizes, with various inducements which include waiving certain Government controls.

Presented separately by the Chancellor as an "enterprise package" and a "small business package," the measures bring together several priorities. More small businesses are needed to create jobs and replace dying industries. They are also needed to reinvigorate declining inner cities. Small businesses and small factory units are also usually easier to manage, particularly in terms of labour relations, than large businesses.

Sir Geoffrey's proposals therefore go some way to meet various economic, political and industrial requirements. Because of this, they have been produced by a variety of Government Departments. Sir Keith Joseph, Industry Secretary, is expected to speak today about the importance of what is being done; but much of the initiative for yesterday's proposals came from elsewhere in Whitehall—particularly from the Department of the Environment which seems recently to have been producing more concrete measures to help industry.

When the Government first came to power last year, civil servants in various Departments were asked to dust down all the

schemes and proposals they had considered in recent years to encourage entrepreneurs, and especially to boost the number of small firms. Interventionist policies such as using the Industry Act or other measures to subsidise bank lending or the provision of venture capital were considered (and were either shelved or rejected), along with many of the taxation, planning, property and other ideas that are now appearing.

As a result, yesterday's measures, which were described by Sir Geoffrey as "increasing the wealth-creating viability of our economy" fall into four categories.

First there are changes in capital taxation which were started last year. These are aimed at increasing the rewards for those starting new ventures, and at reducing the risks involved. The capital transfer tax threshold is being increased for example, and there are other CTT changes which apply generally and not just to small businesses.

Then there are measures, costing some £10m in a full year, which are aimed at easing the tax or administrative burdens of small businesses. These include a new venture capital scheme to allow losses on equity investment in unquoted trading companies to be set off against income, relief for interest on money borrowed for a close company, and cuts in corporation tax.

The third category in yesterday's package included just one

proposal which follows the "small is beautiful" craze, Sir Geoffrey said in order to tackle "industrial elephantism." He will introduce measures during the passage of the Finance Bill to change tax rules and make it easier for large groups to be broken up into smaller units.

Linked with these measures are two property innovations. First a small workshops scheme is being introduced. For a period of three years, capital expenditure on the construction of industrial buildings providing working space of less than 2,500 square feet will qualify for a 100 per cent initial allowance, instead of the usual arrangement of an initial allowance of 50 per cent followed by annual write-down allowances of 4 per cent.

Sir Keith Joseph is also extending provisions he has been making recently for partnerships with the private sector on industrial property. He is providing £25m for the construction of 1,000 new nursery units in assisted areas in co-operation with the private sector.

Both these measures reflect a growing awareness in Whitehall for more small factory units if new businesses are to be created. A survey just completed by Coopers & Lybrand for the Industry Department shows that there is a serious shortage of factory units of under 2,500 square feet.

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SMALL COMPANIES TAXATION

A boost to share ownership

SMALL COMPANIES pay corporation tax at a specially reduced rate. The rate has been 42 per cent instead of the full 52 per cent for several years and Sir Geoffrey made large increases in the level of profits on which the reduced rate applies in his budget last year.

For the financial year beginning on April 1, 1980, the reduced rate is cut to 40 per cent and the limits are increased. Profits up to £70,000 are taxed at 40 per cent and a marginal relief applies up to £130,000. The figures were previously £80,000 and £100,000 respectively.

Above £130,000 tax is charged at the normal rate of 52 per cent (unchanged) but profits between these two bands are taxed at the rather high effective rate of 66 per cent. The cumulative effect of the reduced rate and the marginal rate is to move from 40 per cent at £70,000 to an overall rate of 58 per cent at £130,000 although companies are well advised to avoid having taxable profits in this band at all possible.

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details are not yet available, but it is clear that at their heart lies the abolition of the tax charge on the "growth in value." It was this that killed the schemes which were available prior to 1974—the employee has since then been taxable not only when granted the option on any difference between its then value and what he paid for it, but he was also treated when he took up his shares as having received taxable earnings equal to the difference between the shares value at that time and his payment for them.

The Finance Bill is to include provisions giving relief from income tax for losses on the disposal of shares in unquoted trading companies. Relief is to be given for disposals after April 5, 1980, irrespective of when the shares were acquired but relief will only be available where the investor took up the shares at the time of issue.

Losses arising where the shares are sold at arm's length or in a liquidation may be set against income for the year in which the loss arose, or the following year. Unused losses will be available for relief against capital gains. Sir Geoffrey hopes by this means to make venture capital more freely available to new businesses.

In order to prevent the avoidance of income tax it has long been required that closely held companies should be required to distribute a part of their income above certain limits unless required for the purposes of the company's business. The limits were raised substantially in Sir Geoffrey's first Budget but the new proposals are starting.

The apportionment of excess trading income is to be abolished altogether. Investment income in excess of £1,000 was previously liable to apportionment and this limit is now raised to £3,000. In addition, interest paid to directors of closely held companies has always been subject to restriction for the purpose of corporation tax deductions. The restriction was previously to 12 per cent of the amount of the loan or of the nominal share capital is less; these restrictions are to be abolished.

The limits on allowable retirement annuity premiums for the self-employed and those in non-pensionable employment have been greatly eased. The existing limit of 15 per cent of earnings is increased to 17½ per cent and the overriding limit of £3,000 per year is abolished. Changes are to be made in the calculation of "net relevant earnings" and there is to be an ability to carry forward surplus payments for the relief in future years.

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It will also be granted an allocation of 40 of the best seats in the White Hart Lane ground of which most will go to a brave band of men who have recently signed on, with only five, I am assured, reserved for LT officials in need of relaxation.

Sleeping on it

The Budget yesterday provided no more than "a brisk walk" back to London Wall for Mark Ferguson, a dealer on the floor of the Stock Exchange with jobbers Pinchin Denny. Gone are days of the mad scramble back to the office, after the Stock Exchange closes its doors at 3.30 pm, to continue dealing during the later, more relevant part of the Budget speech.

"We go on dealing as long as there's a demand," says Ferguson.

Granting options to acquire shares in the company to directors and employees again becomes a possibility. The

CAPITAL TAXES

Change in CTT substantial

THE CHANCELLOR expressed his own disappointment that financial constraints have limited his capital tax proposals and that disappointment may be shared by the various bodies who have submitted much more sweeping proposals to Lord Cockfield.

Nevertheless, the main change in CTT is a substantial one—a doubling of the threshold from £25,000 to £50,000. The Chancellor justified this change by reference to the private business holding that too many smaller businesses were brought within the CTT net.

Allowing for the 50 per cent relief on valuation when the whole or a part of a business is transferred, the exemption becomes £100,000 on business transfers, which in turn can be doubled if use is made of the tax-free transfers between husband and wife.

Judicious use of the annual £2,000 exemption per donor can be passed on intact.

he added to that figure, and experience suggests a fairly sympathetic view is taken by the Inland Revenue of the value of shares in a private company which may add further to the effective exemption limit. Thus, by the simplest of means, a fairly substantial business (perhaps £250,000 or more) can be passed on intact.

If the doubling of the exemption was intended primarily for the benefit of small firms it is not confined to them. It takes a stage further the decline in the yield of death and gift taxes in real terms plotted in the attached table.

The Chancellor has estimated that the change will cost £80m in the current year and twice that thereafter, representing almost a third of the revenue which the tax has yielded in recent years.

An inheritance is widely recognised as the most impor-

tant single cause of inequality in the distribution of wealth, the declining tax take of death and gift duties may well mark a reversal of the trend which has continued to most of the century towards a reduction in inequality.

In fact, this trend has already reversed slightly during the period of the previous Labour administration. As the table shows the marked decline in revenue from death duties set in with the CTT, which constitutes a double irony for CTT supporters as an estate duty, widely dubbed not to say condemned—as "voluntary"; and the introduction of CTT was part of Mr. Healey's "determined attack on the maldistribution of wealth in Britain" (Budget speech, March 26, 1974).

A significant new change, removing something of an anomaly is a relief for gifts between individuals. When CTT was first introduced in 1965 both gifts and death were treated as a deemed realisation.

In 1971 the charge to CTT was abolished at death on the grounds that estate duty was enough—at that time there was no transfer tax on gifts inter vivos. With the introduction of CTT gifts became liable both to CGT and CTT on lifetime transfers whereas transfers at death only paid CGT. The Chancellor is now proposing to put lifetime transfers and transfers at death more nearly on a par by a rollover relief by which gifts between individuals are exempt until the gift is disposed of, at which point any CTT paid on the gift would be allowed against CGT.

Another useful small relief is proposed by the Chancellor to encourage people to let part of their homes. At present the sale of a principal private residence is exempted from capital gains tax unless part of the house has been let, in which case the let part is charged to CGT.

The new proposal extends relief to the let portion with two restrictions: the relief on the let portion must not exceed that on the part occupied by the owner, nor must it exceed £10,000.

The budget also contained changes to the capital gains tax treatment of unit and investment trusts. In future such trusts will be exempted from corporation tax on their chargeable gains. Consequently investors will cease to be able to claim credit against the CGT on disposals of their shares but they will, of course, be able to get the full benefit of the £3,000 exemption. In many cases this will put them wholly outside the orbit of the tax.

Other CTT changes include a raising of the small gift exemption from £100 to £250, and a doubling of the £100,000 exemption for bequests to charities or gifts made to charities within one year of death. (Gifts made more than one year before death are exempt under present law and remain so.)

As with CTT, the chancellor has eschewed major changes in the structure of CGT. He has

steered clear both of indexation and of a general tapering provision and instead gone for a simple increase in the threshold from £1,000 to £3,000, the first £3,000 of larger gains being exempt.

The tapering relief introduced by his predecessor on gains up to £3,500 disappears. Most trusts will also benefit from an exemption on the first £1,500 of capital gain.

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Other CTT changes include a raising of the small gift exemption from £100 to £250, and a doubling of the £100,000 exemption for bequests to charities or gifts made to charities within one year of death. (Gifts made more than one year before death are exempt under present law and remain so.)

As with CTT, the chancellor has eschewed major changes in the structure of CGT. He has

MEN AND MATTERS

Putting the ball in the fans' court

Reluctant as I am to discuss anything which may increase the stress on the patience of rate-paying users of London Transport, I feel obliged to pass on certain curious details I have gathered about its latest attempts to attract workers. It has some staff problems—as anyone who has stood dissolving in the rain at a bus stop or steamed gently in the Tube can confirm.

To help right matters, LT (216m in the red last year, despite ratepayers' subsidies of more than £100m) has paid out an undisclosed sum for the privilege of sponsoring a football match between north London rivals Tottenham Hotspur and Arsenal on Easter Monday.

Now curious, I thought, that London Transport should be prepared to spend its scarce resources so freely on the very sport whose hooligan fringe makes Saturday afternoon travel such a risky adventure for shoppers and transport crews. Curiouser still, that a costly recruitment drive should be centred on the south of London. While in general all garages and Tube depots need men, staff shortages are most severe to the west of London. I can understand, however, how Brentford and Wimbledon may lack the crowd-pulling power of Arsenal and Spurs.

The object of the exercise is to try to attract staff from the captive audience around the pitch. For its money (average sponsorship fee is between £3,000 and £4,000) LT will be allowed to plaster the hoardings around the ground with recruitment posters and heckle the crowd with job publicity at half-time over the public address system.

It will also be granted an allocation of 40 of the best seats in the White Hart Lane ground of which most will go to a brave band of men who have recently signed on, with only five, I am assured, reserved for LT officials in need of relaxation.

Sleeping on it

The Budget yesterday provided no more than "a brisk walk" back to London Wall for Mark Ferguson, a dealer on the floor of the Stock Exchange with jobbers Pinchin Denny. Gone are days of the mad scramble back to the office, after the Stock Exchange closes its doors at 3.30 pm, to continue dealing during the later, more relevant part of the Budget speech.

"We go on dealing as long as there's a demand," says Ferguson.

Ferguson, 44. "But these days it falls off sharply after the Budget speech begins at 3.30. So often on these occasions the first reaction is a wrong one. People have now learned by experience that this is so."

Nowadays, says Ferguson, investors sleep on the Budget before making a decision, pondering the complexities of the Public Sector Borrowing Requirement which would have seemed a little abstruse in bygone times. One reason for this is no doubt the near-extinction of the small investor, and his displacement by the professional institutional investment manager.

Budget day is, if anything, less enervating for Ferguson's less energetic brother Graham, 46, a senior equities partner further up the Five Sisters' league of jobbers at Wedd, Durlach, Mordaunt, Tottenham and Arsenal on Easter Monday.

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Appleyard incurs loss in second half: cuts final

SUPPORT FOR BL Cars was a major factor behind the Appleyard Group of Companies running into losses of £336,000 in the second half of 1979, leaving full-year pre-tax profit 66 per cent lower. The current year started badly for BL and, therefore, for the group, the directors say, but the market share is improving.

However, they warn that they do not expect a return to previous levels of profitability in 1980.

Pre-tax profits tumbled from £1.95m to £65.000 in 1979, following the £1.01m turnaround in the second six months, and the final dividend is being halved. Interest jumped from £893,000 to £1.58m, which includes display charges.

The cars division incurred losses of £148,000 against profits of £1.3m. However, the contribution from commercial vehicles improved from £256,000 to £305,000. Fuel oil profits rose from £12,000 to £23,000 but the finance side slipped to £17,000 (£283,000).

Mid-term group profits were down from £1.27m to £996,000, and the directors said then that the second-half outlook was not encouraging. However, they expected to maintain the final dividend.

In the event, the final is halved to 3p, giving a total of 4.25p, against 6.25p. The directors

explain that the compound effect of high interest rates, an increase in recession and the potential costs of rationalisation actions calls for prudence in the retention of reserves.

The group traded at maximum volumes at very thin margins throughout the year in support of BL Cars but it was unable to achieve a volume of business sufficient to use facilities profitably. As a result, heavy losses were incurred, particularly in Scotland. On the other hand, the Ford businesses exceeded forecasts.

The directors continue to take vigorous action to reduce the level of losses. The closure of the group's biggest depot in Glasgow, announced last December, entailed heavy redundancy costs charged in the accounts. But the premises are valuable and negotiations for their disposal are in progress, they add.

By the end of this month, the group's two BL depots at Wilsshaw and Hamilton, Lanarkshire, will have been closed. One of these premises has already been sold for £10,000.

The group is also close to an agreement to sell its business and premises in Huddersfield to the other distributor in the town in line with BL's franchising policy.

Group turnover amounted to £128.62m, compared with

charge of £153,000 (£538,000), earnings per 25p share are given as 3.86p (1.45p).

There were extraordinary debits of £26,000 (£196,000 profits).

• comment

Appleyard's profits were already on the slide at the halfway mark and the distributor has clearly paid the price of supporting a manufacturer (BL represents at least 50 per cent of car turnover) whose market share deteriorated even further last autumn and winter. It comes as little surprise that the group suffered a second half deficit and there is every chance that January and February were also loss making. BL's bonus scheme has probably lifted its share of the market to well over a fifth this current month but Appleyard is not promising any early recovery and it is clearly taking some time to trim its distribution capacity to match the manufacturer's own marketing capability. Other franchises and the fuel oil operation provide something of a cushion while this difficult process continues and the balance sheet is apparently not under too much pressure, yet much depends on the success of the Marina facelift this summer and the Metro launch in October. But the decision to cut the dividend was undoubtedly justified and the yield of 11 per cent at 58p, down 4p yesterday, barely underwrites the continued risks.

HIGHLIGHTS

Lex devotes its column to the implications of the Chancellor's Budget on the corporate sector and the likely impact on financial markets. For a Budget day there was a considerable amount of company news and three insurance companies, The Prta, Eagle Star and Legal & General, are considered on the inside pages. Slough Estates, the country's largest industrial property developer, produced its full year figures showing a rise in pre-tax profits of £1.84m to £10.07m. Rotor's annual results show a small decline at the pre-tax level but in the context of the company's policy of going for market share rather than profit margins the figure is not too disappointing. Appleyard's profits took a nose-dive due to losses on the BL franchise and it sets the scene for the winter results from other BL distributors. Sirdar has produced some reasonable results and Rotor's profits were well received in the market.

Sirdar rises 12% in first six months

DESPITE the effects of a mild autumn and winter on the sales of hand knitting yarns, pre-tax profits of Sirdar rose 12 per cent to £1.57m in the 28 weeks to January 11, 1980 compared with £1.43m.

High stocks at the retail level also reduced demand from spinners and, against this background, the increase in turnover—from £11.3m to £12.02m—and improvement in market share is a significant achievement, says Mrs. Jean Tyrrell, chairman.

However, the hand knitting sector has fared better than textiles generally, and demand to excess is supply. Additional machines have been installed for this quality.

A trend towards lower priced products has to some extent offset increased volume and resulted in slightly lower net margins, adds Mrs. Tyrrell, but the prospective yield is unlikely to come anywhere near the 12.5 per cent sector average.

The midway pre-tax surplus was well ahead at £151,000 (£481,000) and the directors declared a full-year dividend to show an encouraging increase.

They now say that the 1978 results include County Dairies for the second half only. If adjusted to include them for the full year, pre-tax profits would have been 28 per cent higher.

A net final dividend of 2.25p lifts the total to 3p—last time there was a single payment of 2.125p. After tax of £547,052 (£265,888) earnings per 25p share are shown ahead from 11.7p to 17.88p.

The interim dividend is doubled to 2p net to reduce disparity and absorb £39,340—last year's final was 3p.

Stated earnings per 25p share are 13.8p (12.4p) before tax and 8.6p (9.5p) after.

• comment

Although the growth rate has slowed considerably, Sirdar's first half results are pleasing given the difficult trading conditions in the textile sector. However, this does not detract from the uncertainties that lie ahead. Although customers' sales are now a little more lively than before Christmas, they are still below the levels of past years and the economic climate is not expected to improve—at least in the short term. While Sirdar does not expect this to make much of an impact on sales volume, there is the likelihood that the public will trade down and this means tighter margins. Against this the balance sheet is

also resigning as chairman of the Nationwide Food Distributors group, an association of food wholesalers in the UK.

Former M & G Ind to join Barclays

Mr. Clive Fenn-Smith, the former managing director of the M and G Group, has resigned from the Board of M and G and from two of the group's investment trusts. He will shortly be appointed by Barclays Bank to serve as an executive director of the Unicorn Group.

Mr. Smith resigned along with the M and G chairman, Edgar Palamountain, last December after taking "ministerial responsibility" for a tax problem related to the group's overseas life fund.

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Clifford's Dairies near £2.3m

TAXABLE PROFITS of Clifford's Dairies expanded from £1.49m to £2.28m in 1979, on increased turnover of £41.64m, against £39.12m.

The midway pre-tax surplus was well ahead at £151,000 (£481,000) and the directors declared a full-year dividend to show an encouraging increase.

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Slough Estates over £10m as UK rentals soar 20%

BY ANDREW TAYLOR

A SHARP rise in UK commercial property rents in 1979 helped push up pre-tax profits of Slough Estates, the country's largest industrial developer, by almost 22 per cent to £10.07m last year.

After a reduced tax charge profits rose by a third from £5.78m to £7.71m in 1979. Earnings per share rose from 4.14p to 5.57p, fully diluted to take account of last May's rights issue, to 5.33p.

However, Mr. Nigel Hobbs, the chairman, warns that trading conditions are likely to be much tougher in the current year.

"Business conditions in general

DIVIDENDS ANNOUNCED

	Date of payment	Corresponding date of last year	Total payment	Total last year
AB Electronic int.	June 3 rd	—	2.5	—
Appleyard	2 nd	—	4.25	4.25
R. Cartwright	29 May	18 April	5.62	4.06
City & Inv. Trst. int.	23 rd	2 nd	2.13	2.13
Clifford's Dairies	22 May	12 April	3.49	3.24
Eagle Star Insurance	4 th	15 July	1.5	—
HME	15 May	15 May	—	—
Legal & General	5	—	2.25	2.51
Lyon & Lyon	22 May	22 May	3.5	3.5
Prudential Corp.	6	—	5.26	5.5
Rotor	1	May 19	1	—
Slough Estates	14 May	27 May	2.3	1.92
Standard Ind. Grp. int.	9 th	17 April	1.91	1.91
George Wills	3	—	2.43	4.5

Dividends shown pence per share net except where otherwise stated.

*Equivalent after allowing for scrip issue. +On capital increases per rights and/or acquisition issues. †To reduce disparity. ‡Plus 0.95p on account of extra 6 months following changed year end. §Plus special non-recurring payment of 0.49p equivalent to special dividends received from Shell.

The rise in pre-tax profits was arrived at after higher finance charges of £3.8m reflected increased interest charges, largely in the UK but also overseas.

Earlier this year Slough announced a major revaluation of its worldwide property portfolio which it now says is worth £382m, which after taking account of exchange movements and disposals created a surplus of £142.5m over book value.

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UK COMPANY NEWS

INSURANCE RESULTS

Underwriting losses take their toll

TAXABLE profits of Eagle Star Holdings for 1979 improved by 26 per cent to £56.3m, while, held back by increased underwriting losses on general business, net profits of Prudential Corporation advanced by 10 per cent to £45.6m and, due to a £4.2m reduction in tax, Legal and General Group gained flat at £15.8m.

Second half comparisons show that Eagle Star and L. and G. registered rises from £32m to £40.8m and £7m to £9.2m respectively, whereas the surplus at Prudential declined from £26.4m to £25.3m.

For the year, Eagle Star's cash flow in the UK increased satisfactorily. New money was invested mainly in gifts and mortgages with some addition to the equity portfolio. In the latter part of the year short term deposits were built up to provide funds to finance the acquisition of Bernard Stanley Investment Trust. These larger deposits with high short term interest rates contributed usefully to investment income, which expanded from £48.5m to £52.7m.

The underwriting loss was £18.5m (£17.5m). This included £7.8m (£4.3m); Canada £4.3m

and a deficit of £15.3m from UK fire and general, where premium income totalled £308.8m; out of total group income of £572.5m (£516.1m).

Within group profits is a contribution from the subsidiary, Groveswood Securities, the pre-tax surplus of which improved by 18 per cent to £13.2m.

Tax took £25.6m (£21.5m) and minority profits £3.1m (£3.6m). At a cost of £12.1m (£9.2m) the dividend is stepped up from £8.480p to 9p, with a final of 4.85p net.

At Prudential a strong performance in life business saw profits rise by some 40 per cent to £42.4m. Other income advanced from £7.8m to £9.8m but growth in group profits was restrained by a significant fall on the general branch side, where the contribution declined from £15.2m to £11.6m after underwriting losses up from £4.2m to £5.2m.

A breakdown of general insurance premium income (up from £94.4m to £16.7m) and underwriting results shows: UK £137.9m (£111.9m) and loss £18.5m (£17.5m). This included £7.8m (£4.3m); Canada £4.3m

(£42.5m) and £1.7m (£3.4m) profit; EEC £4.1m (£4.5m) and £1.7m (£1.6m) loss; other countries £28.8m (£23.5m) and £6.6m (£1.1m) loss; marine and aviation £7.7m (£8.5m) and £0.7m (£0.6m) loss; specialist re-insurance (Marine and General) £15.9m (same) and £4.1m loss (£0.3m profit).

Underwriting losses climbed from £5m to £20.8m, with lower tax of £1.5m (£5.7m) and minority profits of £0.1m (£0.2m) resulted in the advance at the net level.

Underwriting losses increased from £5m to £20.8m, with £9.1m (£0.2m) being incurred in the UK, £4.2m (£2.1m) in Australia, £3.8m (£2.1m) in the rest of the world and £3.8m (£1.6m) at the international reinsurance subsidiary, Victory Insurance.

Premium income from pension and life business increased from £47.7m to £49.2m and general insurance from £131m to £136.2m.

Earnings per 25p share edged ahead from 10.27p to 10.65p and the final dividend is 5p net for a 7.6p (6.51p) total, costing £1.8m (£0.8m).

Pre-tax profits of L. and G. fell

Eagle Star shines

Higher losses on general underwriting dented improved profits from insurance companies Legal and General, Eagle Star, and Prudential Corporation. Re-insurance was also squeezed. But it was another record year for the life insurance industry.

The brightest figures undoubtedly came from Eagle Star, which reported a 23 per cent rise in investment income. The concentration of the group's activities in the UK limited its exposure to the market risk of exchange rates and the funds allocated to the Bernard Stanley acquisition contributed strongly during the second half. Given the caution expressed at the interim stage, the 28 per cent rise in second half profits at Groveswood was surprising and more than compensated for the increase in underwriting losses. Average rates in the motor business were increased by around 10 per cent at the beginning of this month but this sector is likely to remain a problem in the current year.

Life business profits moved ahead 40 per cent at Prudential, with Vanbrugh turned round from 1978's £1.4m loss, which derived from overstatement of unit values. The remaining two-thirds of the £7m rise came from ordinary and industrial business showing a similar improvement. In common with other companies, industrial branch growth was boosted by a change in the method of crediting tax relief. Mercantile and General, the re-insurance subsidiary, had a weaker year. The position is obscured by an undisclosed profit to reserves, but this may have been of the order of £4m, leaving a £1m or so shortfall. On general insurance, the Pru has come rather late to index-linking of house policies. This, combined with a planned 20 per cent premium hike, should work through by autumn. For the current year, with life business still buoyant, £37m is analysts' best guess.

Legal and General points to VAT and bad weather lying behind its more than tripled general underwriting losses.

Substantial overseas expansion almost as large as UK business in general underwriting meant a danger from strong sterling.

The cleaned tax bill, as a result of the underwriting losses, rescues the figures back to a modest post-tax increase. Investment income is up by a third, with a one-off special bonus payment to reward policyholders from the high yield on their funds. Life profits are up rather better than the other companies reporting. The other bright spot is the performance of the new South African life company, booking in under the £1.1m associated companies figures.

The three groups are all well placed to exploit the continued buoyancy in life business which is expected by analysts. At the same time, the steady increase in underwriting losses is unlikely to be arrested for two to three years, despite the currently satisfactory solvency ratios, the impact of inflation on reserves will remain a worry.

BIDS AND DEALS

£2.5m acquisition by Trafalgar House

Trafalgar House, the property construction, newspaper and shipping group, has bought Focus 21 Developments, the residential development concern, in deal worth £2.5m.

Part of the consideration has been satisfied by the issue of £232,040 nominal of Trafalgar's listed 101 per cent unsecured loan stock 2001-06 with the balance being a new unlisted short-term unsecured loan stock.

Focus is engaged in residential development in the home counties and has a land bank of some 800 units. Existing sites will be completed and sold under the Focus 21 name but all future developments will be marketed and built by New Ideal Homes, Trafalgar's main house-building subsidiary.

Among the major future developments will be a scheme for 400 houses at Guildford, Surrey, as well as large sites at Hampton, London, and Datchet, Berkshire.

Focus has been operating since 1970 and has built 1,400 houses, all in London and the home counties.

B.O.C. SUBSIDIARY FOR CONTROL LASER

Control Laser has agreed to buy Industrial Power Beams, from B.O.C. for about £400,000. Control Laser is owned by a

H. P. Bulmer Holdings — C. J. P. Watney, director, on March 14 to up option on 25,000 shares at 92p and on March 17 sold these at 142p.

Crouch sheds its Irish loss-maker to Castlemene

Crouch Group, the builder, contractor and estate developer, has reached agreement for the sale of the capital of its wholly-owned housing subsidiary in Dublin, Crouch (Ireland), to Castlemene Investments for £100,000 in cash payable tomorrow.

Moreover, its borrowings had increased to a level which would have required additional capital to be injected by the parent company to enable trading to continue.

The net assets of Crouch (Ireland) at March 31, 1979 amounted to £36,000. Unaudited accounts at September 30, 1979 show that the company had incurred losses in the six months to that date of around £25,000 and, in the opinion of the directors, these losses are continuing to increase.

MORGAN EDWARDS
Following its share offer for Morgan Edwards, Louis C. Edwards and Sons has received acceptances in respect of 3,197,907 shares, representing 95.7 per cent. This includes acceptances in respect of 402,621 shares for the cash offer made by Samuel Montagu & Co. which have been assented to the share offer.

The cash offer closed on March 25, 1980. The share offer remains open until further notice.

MINING NEWS

Beisa plans public share offer

BY KENNETH MARSTON, MINING EDITOR

THE Union Corporation group's new Beisa uranium mine in South Africa which is expected to reach production a year ahead of schedule in 1981 will be making a public offer of shares either this year or early in 1981. Announcing this in his annual statement the Union Corporation chairman, Mr. E. Pavitt, expresses his confidence in the long term growth in demand for uranium for power generation. He takes a cautious line regarding gold which was largely responsible for last year's biggest-ever advance in group profits.

General Mining, which previously held 51.7 per cent of Union Corporation, recently bid for the remainder via a share offer of 80 General Mining for every 100 Union Corporation.

Shareholders of the latter voted to accept the offer and following the approval on Tuesday of the Supreme Court, Union Corporation now becomes a wholly-owned subsidiary of General Mining, creating a group with assets of some R2.7bn. "Until the gold market shows some stability," last night the metal closed at \$507.

The group's director responsible for gold and uranium activities, Mr. L. W. P. van den Bosch, comments that since the year end there has been "a deluge of gold on to the market in almost every conceivable form. This resulted in refineries being choked with stocks." And he adds that a decline of 40 per cent in European consumption of gold for jewellery has been forecast.

Clutha Developments, the Australian coal mining subsidiary of British Petroleum, reports a heavy fall in 1978 net profits to only £82m (£190,000) from £233.1m in 1978. The setback reflects a seven-week strike at the Port Kembla coal loader coupled with lower prices paid by Japanese steel mill customers.

Meanwhile, the dredge is continuing to work the current leases, but it will not be able to return to the Bhuket Bay leases as normal in early May. Instead, it is to operate in low grade sheltered reserves in Chalong Bay. Net profits for the past half-year were M\$900,000 (£184,000) against M\$986,000 a year ago.

16/21a drilled by North Sea Sun Oil, in which Hampton has a 5 per cent licence interest, may have "a material impact" on Hampton's North Sea assets.

SHERITT SEES HIGHER PROFIT

CANADA'S Sherritt Gordon Mines views 1980 "with a fair amount of optimism following a year in which the group's gold production increased by 10 per cent to a record C\$14.1m (£15.7m) from C\$14.4m in 1978."

The president, Mr. David Thomas, points out that all the group's metal markets have improved since the year end and increased copper grades are expected at its mines. These are the Rutman and Fox copper properties in Northern Manitoba.

The fabricated metal products division is fully booked for more than half the current year while the fertiliser business should continue to be good in line with a buoyant agricultural market in western Canada.

Further significant earnings are anticipated from the gold and silver operations which last year provided revenue of C\$13.4m, or 5 per cent of the total. Output of precious metals should be higher this year.



SUMMARY OF GROUP RESULTS FOR 1979

DIVIDENDS. The Directors are recommending to the shareholders at the Annual General Meeting to be held on 9th May 1980 a final dividend of 4.85p per share payable on 15th July 1980 to shareholders on the register as at the close of business on 17th June 1980. With the interim dividend of 4.15p per share which was paid on 15th January 1980 the total dividend for the year will be 9.0p per share (1978: 6.840p). The total cost of these dividends will be £12.1m.

RESULTS. Investment income in the shareholders' fund increased by 23 per cent to £59.7m. Pre-tax profits of Groveswood Securities were £13.2m and with the share of associated companies' profits brought the total income from investments to £73.9m (1978: £60.2m). Shareholders' long term profits were £10.5m after grossing up for corporation tax and franked investment income. After charging pension fund contributions, which is the market practice, life and general underwriting made a loss of £16.8m (1978: £17.5m). General business premium income increased by 9 per cent.

Overall pre-tax profits increased by 26 per cent to £64.3m.

	1978 £m	1978 £m
PREMIUM INCOME		
Fire, accident and motor	376.7	342.5
Marine, aviation and transport	20.4	21.4
Long term — annual premiums	119.4	102.1
— single premiums	56.0	50.1
	175.4	152.2
	572.5	516.3
PROFIT AND LOSS ACCOUNT		
	1979	1978
Investment income	59.7	48.5
Profits of Groveswood Securities	13.2	11.2
Share of associated companies' profits	1.0	0.5
Shareholders' long term profits	10.5	9.4
Underwriting loss	(18.8)	(17.5)
	65.6	52.1
Expenses not charged to other accounts	1.3	1.2
Surplus before taxation	84.3	80.9
Taxation	25.5	21.5
Minority interest	3.1	2.6
Net surplus for year available for appropriation	35.7	26.8
Staff profit sharing scheme	1.1	0.9
Less taxation	0.6	0.5
Surplus available before transfer to catastrophe reserve	35.2	26.4
Transfer to catastrophe reserve	2.0	2.0
Dividends	12.1	9.2
Balances added to retained profits and reserves	21.1	18.2

INVESTMENTS. The free reserves of the group, including capital appreciation on investments other than those of the long-term insurance funds, amounted to 63 per cent of general insurance business premium income.

During the year our cash flow within the United Kingdom showed a further satisfactory increase. The new money was mainly invested in British Government securities and mortgages with some addition to our equity portfolio. In the latter part of the year short term deposits were built up to provide the funds required to finance the acquisition of BSIT. These larger deposits taken in conjunction with very high short term rates of interest contributed usefully to our investment income.

FIRE AND GENERAL. Our overall result is analysed geographically in the following table in which is included that part of investment income which arises on insurance funds:-

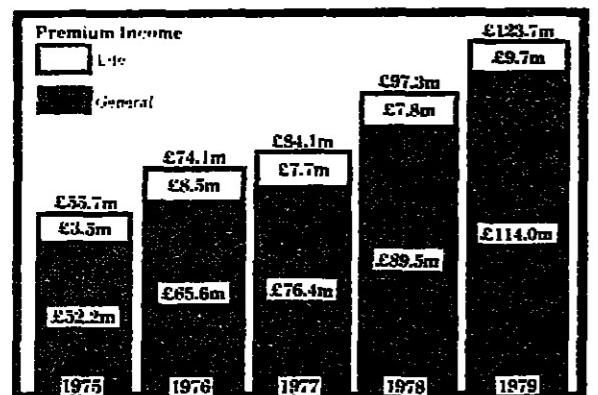
	Premium income £m	Underwriting result £m	Investment income less expenses £m	1979 Total £m	1978 Total £m
United Kingdom, including marine and reinsurance	308.5	(15.3)	38.4	23.1	15.9
Australia	17.1	(2.1)	1.2	(0.9)	(0.6)
Belgium	27.1	(2.8)	3.4	6.6	1.0
South Africa	31.7	1.5	1.5	3.4	3.0
USA	5.7	0.2	0.4	0.6	0.7
Other territories	6.9	(0.7)	1.1	0.4	(0.1)
	397.1	(18.8)	46.0	27.2	19.9
Attributable to Shareholders' funds			26.6	26.6	21.6
			72.6	53.8	41.6

UNITED KINGDOM. Premium income increased by 18 per cent to £257m (1978: £218m). 1979 was a difficult year for all underwriting accounts and there was an overall loss of £16.1m (1978: loss £14.5m). The severe weather at the beginning and the end of the year caused heavy damage and had a significant impact on claims costs, as did the increase

Cornhill Insurance Group 1979 Results

	1979 £'000	1978 £'000
Premium Income		
Fire and accident	110,234	85,631
Marine, aviation and transport	3,747	3,901
General business	113,981	89,532
Life	9,734	7,812
Profits	123,715	97,344
Underwriting results:		
Fire and accident	(5,501)	(1,125)
Marine, aviation and transport	(662)	(125)
Investment income	(6,163)	(1,250)
Shareholders' life profits	12,437	9,351
Other income	75	75
Profit before taxation	6,512	8,162

1979 was a difficult year for Cornhill. Although general business premium income moved ahead by 27.3% to just under £114m, the underwriting result was disappointing and reduced pre-tax profits to £5.5m. United Kingdom Motor, the biggest of the Group's accounts, was severely affected by the poor weather during the first quarter of 1979 and an underwriting loss was sustained. The household account was also influenced by the weather and by the change in the rate of VAT and was also in deficit, but an underwriting profit was achieved from pecuniary and liability business. Overseas Very poor results were experienced in Australia and New Zealand but Ambassador, the Group's newly acquired American subsidiary, produced a useful underwriting profit. An underwriting profit was also achieved in Canada but the situation there deteriorated rapidly in the second half of the year.



Life Growth was satisfactory with new annual premiums up 10.4% to £3.5m. In 1979 there were a number of severe casualties and further transfers had to be made to support the Marine and Aviation funds. Financial investment income increased from £9.3m to £12.4m and the Group's solvency ratio at the year end on a market value basis was 39%.

Outlook Although some of the special problems of 1979 have not recurred so far, the current rates of inflation are worrying and the economic prospects are uncertain. Despite the problems of inflation and difficulties overseas Cornhill hopes that the downturn of 1979 will be an isolated short-term event in a period of expansion. Copies of the Report and Accounts may be obtained from the Secretary at 32 Cornhill, London, EC3V 3JL.



A member of the Thomas Tilling Group

KENNING MOTOR GROUP LTD

Distributors and Retailers of Cars, Commercial Vehicles, Petroleum Products and Tyres. Concessionaires for John Bull Tyres, Specialists in Service and Parts, Long Term Contract Hire, Car and Van Hire, Bodybuilders.

Manufacturers of Electric Vehicles, Road Tank Vehicles and Remoulded Tyres. Operators of Motorway Service Areas, Insurance Brokers.

Chairman's Statement

Pre-tax profits for the year ended 30th September, 1979, show a marginal increase over the record previous year.

These were achieved in difficult circumstances.

Margins on new vehicles suffered due to increased price cutting engendered partly by schemes of some manufacturers to give extra bonus for increased volumes. The overall effect was detrimental. Increases in the price of petrol affected the balance of the market as customers strove to exchange large cars for smaller models. This had a bad effect on the second hand market. The high cost of financing stocks was another factor in producing sharply reduced profits for the motor dealers.

Parts operations also had a difficult year due to a declining RL market and to supply problems. Future trading is expected to continue to be highly competitive.

Workshop sales held up, but expenses increased. There are noticeable signs that motorists are omitting expenditure on maintenance but the tendency to retain cars for longer periods should stimulate service sales in the current year.

With a lower forecar new car market and ever increasing overheads, the prospects for the motor depots do not appear to be good.

Profits from Contract Hire were down due, in part, to high interest charges and an inadequate supply of certain popular vehicles for fleets due to replacement.

Fortunately, despite a poor September quarter due to increased prices of petrol and the known decline in the tourist trade, Kenning Car and Van Hire produced record profits. This year will be much more difficult.

Currently, the sluggish second hand market is affecting not only our motor depots, but also Car Hire and, to a lesser degree, Contract Hire. Although there are signs of a modest improvement in sales, it is more difficult than last year to dispose of our hire replacements and margins on these have suffered.

Kenning Fuel Supplies benefited both from the severe winter and from the availability of product. To date, however, the present winter is proving to be mild.

Retail petrol sales showed an increase while margins improved to a more acceptable level. It will be difficult to maintain such satisfactory progress this year.

Motorway Service Areas made up for the effect of the road haulage strike and of bad weather and produced a significant improvement in profits.

As a result of economies and improved efficiency, Kennings SA turned a loss into a small profit. I regret that prospects for this year are not good.

Our electric vehicle manufacturer, W. & E. Vehicle, had a record year and we expect good results in 1980.

Kenning Road Tankers and Specialised Services also did well and we hope for continued progress.

You will observe that the results from the Rhodesian subsidiaries have not been consolidated due to the uncertainties of the future. I regret to report the death of Mr. E. W. H. Bishop who will be sadly missed as Managing Director. He served the Company faithfully and well in troublous times. Fortunately Mr. C. Theodosiou, the former Sales Director, has consented to be appointed as Managing Director. We have every confidence in him and in the non-executive Chairman, Mr. W. B. Murray. I am sure that everyone will wish them a happy outcome from all their afflictions.

I regret to report that a downward trend in profits, which began in the September quarter, has continued. The first quarter of this year has produced a sharp fall in profitability.

Unavoidable increases in costs combined with a sluggish economy are taking their toll. Efforts are being made to overcome these problems but, even so, I cannot foresee that the results for the current year will be anything other than bad. I do, however, look forward to an improvement in the following year.

During the year, our Chief Accountant, Mr. D. T. Forbes, has joined the Board. His judgement and vigour are a great asset to us.

During the year, your Group has benefited from the efforts of its employees and I thank them most sincerely for this. I look forward to their help in the difficult times ahead.

Year Ended 30th September, 1979	1979 £'000	1978 £'000
Turnover	235,648	215,059
Group Trading Profit	18,600	16,700
Group Net Profit before Taxation	8,434	8,266
Dividends Distributed	1,795	1,493
Shareholders Funds (Issued Capital and Reserves)	34,608	49,767
Capital Employed (Shareholders Funds, Debentures, Loans, Deferred Shares and Minority Interests)	65,964	60,871
Fined Assets	52,813	47,026
Net Current Assets	12,733	13,482

Number of Shareholders 5,700
Value of Group Properties £23,100,000
Number of Employees excluding Zimbabwe 2,159
Number of Apprentices 464

Copies of the 1979 Report and Accounts may be obtained from the Secretary, Master Offices, Old Road, Chesterfield.



Companies and Markets

UK COMPANY NEWS

Rotork down 3.7% but prospects better

A LITTLE changed second half result. Pre-tax profit at Rotork for 1979 down 3.7 per cent. Though the marine division moved strongly into profit, as anticipated, the controls side faced difficulties in introducing three new product ranges into an intensely competitive world market.

Overall profit by the group, which designs and makes valves, control equipment, marine craft and machine tools, slipped from £3.3m to £3.18m on turnover £10.34m ahead at £19.18m.

Midyear, when the surplus slipped to £1.35m (£1.45m), the company said that the strength of sterling had had an adverse effect.

However, the new controls products and a sustained position in the marine activity are helping to improve the picture, particularly in the Central Administration, gives a greater light on nuclear power development. The yield is 5.7 per cent at 56p, up 5p, and the p/e comes to 6.2 on published earnings.

With the tax charge for 1979 up at £1.53m (£1.45m), stated earnings per 10p share were 1.8p lower at 8.1p. The net total dividend is being stepped up to 2p (1.31p) by a 1p final.

After a £1.67m (£1.68,000) adjustment for unrealised exchange differences and extraordinary debits of £1.00m (£16,000) attributable profit emerged at £1.33m (£1.70m). Of this dividends absorbed £520,000 (£29,000).

The retained balance came out at £514,000 (£1.42m).

● comment

Rotork currently enjoys a major position in the UK market for valve actuators and is also active

overseas: its slight pre-tax decline is not therefore welcome. Over the past few years the company has followed a policy of seeking to increase market share at home and abroad even if this means a fall in margins.

Last year's pre-tax margin was off a point, but the group now has a solid fifth of the American market. Strong sterling had put Rotork, but in other respects the group is "sitting pretty". With a cash balance of around £2m, this is one engineering group with plenty of interest received. Rotork's new electric and pneumatic actuator products, like many of its controls, are tied to the energy and petrochemical business and to power generation operations. So there should be plenty of growth potential, particularly in Central Administration, gives a greater light on nuclear power development. The yield is 5.7 per cent at 56p, up 5p, and the p/e comes to 6.2 on published earnings.

First-half profits had fallen to £207,000 (£369,000) and the directors then said that the strong pound had adversely affected profitability of the company's export business in the period.

Tax for the year takes £196,242 (£199,074) and after reduced extraordinary credits of £39,335 (£39,752) arising from the sale of surplus properties available net profits emerged down from £602,736 to £552,275.

The final dividend is raised to 3.7p to 5.5p making a total of 12p (10.24p). Stated earnings per £1 share were up from 102.4p to 108.4p.

Cartwright moves over £1m mark

WITH second half pre-tax profits of R. Cartwright (Holdings) increasing from £539,285 (£391,285) full year figures for 1979 were £1.13m against £931,285.

This manufacturer of door and window furniture had a tax charge of £50,632 (£485,146). Dividends absorb £543,675 against £446,138.

AB Electronics heading for £0.58m less at full time

AS FOREWARNED in November, the engineering dispute depressed performance at AB Electronics Products Group in the first half of 1979-80. The strike, combined with increased competition from imports, sliced 24 per cent off sales and taxable profit slipped to £185,254.

Now with a second half expected to match the first, the electronics components and systems manufacturer looks headed for a sharp fall of some 20.85m from last year's peak £1.35m.

Good progress is, however, being made in certain product areas and the long-term outlook remains encouraging say the directors. They anticipate a good upturn in the next financial year with growth particularly in telecommunications and defence.

At the trading level first-half profit was down from £1.01m to £1.05m on external sales £10.58m (£10.86m). The depreciation provision rose to £361,491 (£288,948) but net interest costs were cut from £142,688 to £6.361.

Stated earnings per 25p share were more than halved from 13.7p to 6p after meeting a tax charge of £227,254 (£465,512). The net interim dividend is raised to 3p (2.5p) and absorbs £114,732 (£33,965). Last time a 7p total was paid.

All subsidiaries operated profitably during the six months and the German offshoot showed a 24 per cent increase in sales over last year. Plant modernisa-

tion and additions to specific products continued and capital spending was up 13.5 per cent.

Building is proceeding on new factories for integrated circuits at Newbury and microcircuits in Austria which will open up new markets to the company.

Management accounts for the first quarter of the current year indicate that the group is maintaining its level of profitability.

The final dividend of 6p net is 1p higher than that forecast in September and passes the total payment from 3.5p to 4.5p per 25p share from earnings per 25p share stated at 15.95p (16.8p). A one-for-four scrip issue is also proposed.

Turnover of the importing and exporting group increased from £65.5m to £68.9m. With SSAP 15 adopted there was a favourable tax charge of £220,000 (£295,000).

Earnings per 10p share for the nine months are shown lower at 7.5p (8.1p), while to reduce disparity, net interest dividend is raised from 1.5p to 2.5p.

The final dividend is raised from 3.5p to 4.5p making the 25p share shown lower at 17.3p against 18.7p. Tax charged soared from £6,300 to £190,763, leaving £583,979 (£515,227) before an extraordinary debit of £15,205 (£2,747).

Crop, sales and exchange rates so far in the final quarter are such that it is expected that pre-tax profits in sterling for the full year will exceed the previous year's £30.47m.

Owing to a substantial fall in the price of cotton, the nine-month profit on that crop was down £1m.

Earnings per 10p share for the nine months are shown lower at 7.5p (8.1p), while to reduce disparity, net interest dividend is raised from 1.5p to 2.5p.

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Mr. Ferguson Lacey is expected to make a statement shortly concerning the company's factory in Oswestry in North Wales which has been taken over by the vinyl textiles group following a reluctantly agreed bid which went unconditional last week.

Mr.

Bank Leumi (U.K.) Ltd

Head Office: P.O. Box 24F, 47 Woodslock Street, London W1A 3AF
Tel: 01-839 1395

Substantial progress in the Bank's activities

Highlights from the Statement of the Chairman,
Mr. E. I. Japhet KBE, at the Bank's
Annual General Meeting

* 1979 was another year of development and growth which enabled the Bank to register a further increase in its profits. Total assets reached £180.5 million. The Directors propose a final dividend of 5.76p per share, making a total for the year of 3.56p net per share (1978-8.2p per share).

* During the year, the Bank's capital funds grew by over one-third to £8.6 million. A rights issue increased share capital by £1 million and a subordinated loan of £1 million was received from Bank Leumi le-Israel EM.

* The number of accounts increased by over a third and there was a marked expansion in customers' deposits and in loans. The new branch at Gants Hill, Ilford had a successful first year, whilst the other High Street branch in Golders Green is firmly established and contributing well to overall performance.

* Particular efforts were devoted to developing and financing two-way trade and investment with Israel, for which prospects have been enhanced by Israel's Peace Treaty with Egypt and the dismantling of UK exchange controls.

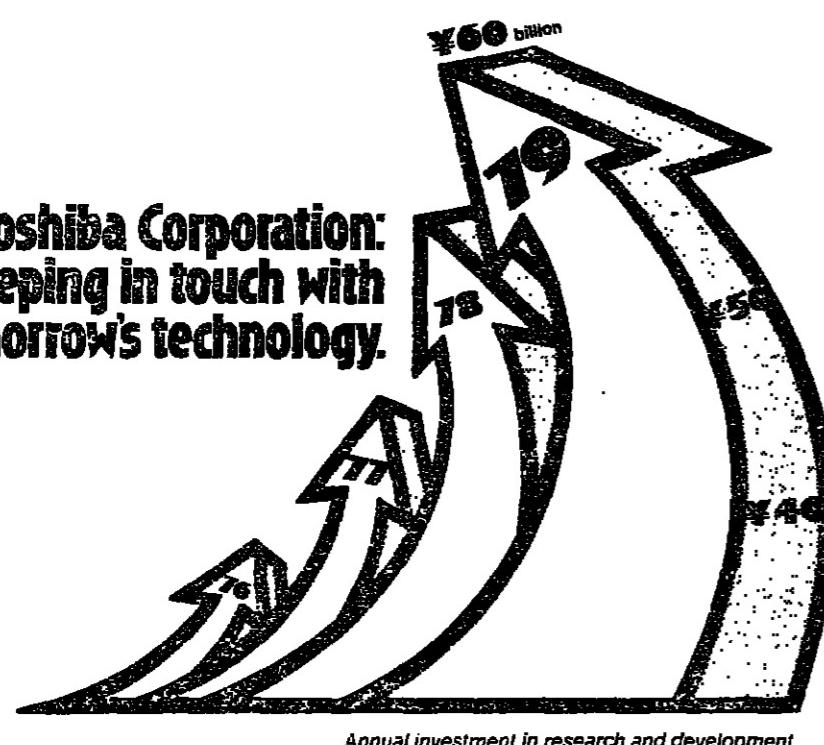
Branches in the West End, the City, Golders Green and Gants Hill, Ilford.

UNITED KINGDOM SUBSIDIARY OF

Bank Leumi בנק לאומי
LE-ISRAEL B.M.

1902-1980

ISRAEL'S LARGEST BANKING GROUP



CONSOLIDATED SEMI-ANNUAL REPORT

Statement of Income	(For the period April 1 to September 30, 1979) in millions of Yen
Sales and other income	966,833
Costs and expenses	916,105
Income before income taxes	50,728
Income taxes	27,138
Net income	23,590
Net income per common stock	11.18 (in Yen)

Breakdown of Business Results by Product Group	
Heavy Apparatus	30%
Industrial Electronic Products	25%
Other Products	12%
Consumer Products	33%

Balance Sheet		September 30 1979, in millions of Yen
ASSETS	LIABILITIES	
Cash and time deposits	Bank loans	523,634
Notes and accounts receivable, trade	Notes and accounts payable, trade	313,067
Inventories	Other current liabilities	497,871
Other current assets	Other liabilities	346,431
Property, plant and equipment	Common stock	106,138
Other assets	Surplus	106,693
Total assets	Total liabilities	1,893,834

TOSHIBA CORPORATION TOKYO JAPAN

Tokyo Head Office: 1-6 Uchisaiwachi 1-chome Chiyoda-ku Tokyo 100 Japan Phone 501-5411
Code: TOSHIBA TOKYO Tel.: J22587 TOSHIBA

GENERAL MINING AND FINANCE CORPORATION LIMITED ("GENMIN")

(Incorporated in the Republic of South Africa)

Rights Offer of 30 Ordinary Shares of 40 cents each at 1,500 cents each ("the shares") for every 100 ordinary shares held

Central Merchant Bank Limited is authorised to announce that the scheme of arrangement proposed by Genmin between Union Corporation Limited and its shareholders other than Genmin and its subsidiaries and nominees became operative on 26 March 1980 and that the proposed increase in the authorised share capital of Genmin was authorised at a meeting of shareholders held on 21 March 1980. Genmin will therefore proceed with the rights offer as announced on 18 December 1979.

The Johannesburg Stock Exchange has granted a listing of the letters of allocation from Monday, 31 March 1980 to Wednesday, 23 April 1980, and a listing of the shares from Thursday, 24 April 1980.

The Council of The Stock Exchange, London, has granted a listing for the new shares with effect from 31 March 1980. Dealings in London will commence in nil paid shares from that date and in fully paid shares from 28 April 1980. Dealings in nil paid shares in respect of the period 31 March 1980 to 3 April 1980 will be for deferred settlement on 9 April 1980.

A circular containing full details of the rights offer and the letters of allocation will be posted to ordinary shareholders on 3 April 1980, on which date instructions to holders of share warrants to bearer will be published.

Senbank

CENTRAL MERCHANT BANK LIMITED
(Registered Merchant Bank)
(Incorporated in the Republic of South Africa)

Johannesburg, 27 March 1980

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Equity financing for Kenana Sugar

By James Buxton

THE Kenana Sugar Company, which runs one of the world's largest sugar estates in Sudan, is to finance the last stage of its construction by nearly doubling its equity capital, to about \$210m. A meeting is to be held in Khartoum this weekend to finalise the arrangements.

Kenana began making sugar in mid-1978 and is now producing about 750 tons of sugar a day from one of the two trains of the factory. But further \$150m is needed to complete the second train of the factory, the irrigation work, and the housing to bring the plant up to its full capacity by the 1981-82 crushing season.

Part of the additional funds were to have been provided in the form of loans but at recent meetings of the major shareholders in Kuwait it was decided to raise the \$150m in the form of equity. Some \$130m of this is likely to be in the form of preference shares and the rest ordinary shares. Both types of share will carry full voting rights.

Transformed prospects

The negotiations have been protracted and difficult, not because of reluctance by shareholders to sink further funds in the project, the cost of which is now several times the original estimates, but because shareholders believe that the recent rise in the sugar price has transformed Kenana's financial prospects. Both the Sudanese and Kuwait Governments are anxious to have bigger stakes. Sugar prices in the past three months have been up to, and at times have exceeded, Kenana's estimated break-even point of \$500 per ton.

Two new shareholders are expected to take equity under the new arrangements. They are the Arab Authority for Agricultural Investment and Development (AAIID), a multi-state Arab concern based in Khartoum, and the El-Nilein Bank, a state-owned Sudanese bank. These two institutions are expected to account between them for at least \$30m of the new capital in ordinary and preference shares.

The Sudan Government is expected to take \$30m worth of shares in hard currency. The Kuwait Foreign Trading Contracting and Investment Company, which manages the Kuwait Government's stake, will underwrite the issue.

Smaller shareholders

It is not clear whether the two other large shareholders, the Saudi Arabian Government and the multi-state Arab Investment Company (AIC), which was largely responsible for steering through the new capital formula, will take up any of the new equity. Nor is the position of the smaller shareholders yet known. These are Lonrho, which managed the project until 1977, Gulf Fisheries, a private Kuwaiti company, and Nissho-Iwai, a Japanese concern.

Kenana's current authorised capital at present is \$579.475m, which is \$158.95m at current exchange rates. Of this, the Sudan government together with the state-owned Sudan Development Corporation (SDC) hold 40.26 per cent, the Kuwait Government 18.52 per cent, Saudi Arabia 18.24 per cent, the AIC 13.69 per cent, Lonrho 3.84 per cent, Nissho-Iwai 1.17 per cent, and Gulf Fisheries 1.17 per cent. Some 3.71 per cent is unsubscribed.

Under the new arrangements the Sudan Government (with the SDC) will just remain the biggest single shareholder.

The total cost of the project is still officially put at around \$600m (financed from both equity and loans of different kinds) though the total funds the project may consume before it makes a return on capital has been unofficially put as high as \$1bn. But if sugar prices remain high the company could start paying dividends in 1982.

Kenana should be in full production by the 1981-82 crushing season, producing 330,000 tons of sugar a year from 81,000 acres.

BANKING IN WEST GERMANY

Dresdner to expand further in U.S.

BY KEVIN DONE IN FRANKFURT AND MICHAEL LAFFERTY IN LONDON

DRESDNER BANK of West Germany, one of the top largest banks in the world with group assets in excess of DM 140bn, is planning further expansion of its operations in the U.S.

Dresdner will fit its growth in coming years. Dr. Manfred Meier-Preschany, board member responsible for international banking said: "Our network is not complete. We feel very positive about the U.S., Latin America and the emerging role of the Far East," he said in an interview.

At present Dresdner has foreign branches in New York, Chicago, Los Angeles, London, Paris, Tokyo, Madrid, Hong Kong and Singapore. It has around 1,000 branches in West Germany and is the country's second largest bank.

Dr. Meier-Preschany said that

Dresdner had modified its original objectives for going international, which were simply to serve the needs of the bank's German corporate clients. He refused to comment on whether the bank was now seeking a U.S. bank takeover, but said: "If you are in Rome, you do as the Romans do." He added that he would not be surprised to see more foreign banks entering the U.S. retail banking arena "to chase a bigger pack of middle-size corporate customers."

Talking about international banking in general, Dr. Meier-Preschany thought that their multinational character would gradually be replaced by a transnational one, "with their shareholders, if not the majority ownership, spread among the countries in which they operate."

In contrast to Dresdner, management at Deutsche Bank, West Germany's largest bank, says it has now more or less reached the end of current international expansion plans. As things stand the bank has branches in London, Paris, Brussels, Antwerp, and a subsidiary in Luxembourg. Elsewhere, it has branch and an investment banking arm, Atlantic Credit Corporation, in New York as well as one branch in Tokyo and three in South America.

Deutsche Bank is also a leading member of the EBIC banking club, which also includes Midland Bank. The EBIC partners own a number of banks, including European-American Bank in New York, which is based on the old Franklin National Bank.

Deutsche Bank says it is not

interested in retail banking outside West Germany. "It would have nothing to do with serving our domestic corporate customers," states Dr. Wilhelm Christians, a senior board member and joint speaker at the bank.

Commerzbank, the smaller of the three major banks, has operating units in a dozen foreign centres, including New York and Chicago. Dr. Wolfgang John, board member responsible for international affairs at the bank, says there are "two or three more spots around the globe" where Commerzbank could open branches.

The possibility of a U.S. takeover was a permanent question for discussion at the bank. However, there are no plans and the bank is now likely to settle for a period of consolidation.

Deutsche Bank says it is not

MAN sure of Danish agreement

By Roger Boyce in Bonn

THE West German commercial vehicles and engineering group MAN said yesterday that it was sure an agreement could be reached with the Danish workforce over the controversial purchase of Burmeister and Wain's half-share in B & W Diesel.

However, MAN is at pains to stress that no decision had been reached on the Danish Government's proposals to form a Danish consortium to buy the 49.75 per cent stake in B & W Diesel.

MAN said that it had "understanding" for the fears of the Danish workforce but felt that the good co-operation of the past three months would continue. Workers at two of the B & W Diesel plants walked out earlier this month to protest against the proposed sale.

The MAN statement clearly leaves its options open. It has been satisfied with the joint work in Denmark and the Diesel engine concern fits well into its overall strategy. But it may well feel that with half of B & W Diesel in the hands of a consortium in which unions and government are represented, its room for manoeuvre would be too limited.

MAN's right of first refusal to the shares threatened to block the "national solution" announced this week by Mr. Erling Jensen, the Danish Industry Minister.

First operating profit for Statoil

By Fay Glester in Oslo

STATOIL, the Norwegian state oil company, founded in 1972, had an operating profit of Nkr 1.3m (\$2.5m) last year, compared with an operating loss of Nkr 97m in 1978. It was the company's first ever operating profit, and the net result, after financial costs and depreciation, was a loss of Nkr 217m, against a loss of Nkr 194m in 1978. The company, however, expects to balance its accounts this year.

Statoil is still spending heavily on development (investments last year totalled Nkr 2.850m) but has now begun to reap the results. Last year, production started on the giant Anglo-Norwegian Statfjord field, in which Statoil has a 44.4 per cent share.

Turnover—from sales of crude oil, petrochemicals and refined products—reached Nkr 3.255m (\$640m), 63 per cent up on a year earlier.

From January 1, Statoil increased its stake in Norol, a refining and marketing company, from 15 per cent to 73.63 per cent and from now on the two will be operated as one concern. Their combined turnover this year is expected to reach Nkr 10bn, rising to Nkr 17bn in 1984.

Conti-Gummi misses payout

By Our Financial Staff

OPERATING profits at Continental Gummi-Werke have been insufficient to pay a dividend for 1978, Mr. Carl Hahn, the management board chairman, said. Conti-Gummi last paid a dividend in 1971.

The tyre-making division has returned to profits for the first time since 1971. But the year's results were achieved largely as a result of favourable market conditions, Mr. Hahn stressed.

Economic conditions in 1980 will not be as favourable as in 1979, he said, adding that "setbacks" will have to be taken into account in the first years of the present decade.

UIC shares valued above bid

BY GEORGE LEE IN SINGAPORE

MORGAN GRENfell ASIA, the independent advisers to shareholders of United Industrial Corporation (UIC) in the current takeover battle, has valued the UIC shares at \$55.88 and \$87.15 (US\$33.19). This is substantially higher than the \$34.00 per share offered by United Industrial Overseas Holdings (UIOH) and the competing offer of \$34.50 per share made by the Hong Kong company, Hang Lung Developments.

Morgan Grenfell said that the value within the range is dependent upon the treatment of the potential tax liability on the surplus arising from the revaluation of the portion of UIC Building which is owned by UIC's subsidiary, UIC Development.

Morgan Grenfell said that the value within the range is dependent upon the treatment of the potential tax liability on the surplus arising from the revaluation of the portion of UIC Building which is owned by UIC's subsidiary, UIC Development.

The merchant bank said that

the price of \$55.88 reflects the

value after allowing for the full

40 per cent potential tax liability on a sale of the 66 per cent of UIC Building, owned by UIC, a company controlled by Mr. Chwang Wan Lien, who is also the managing director of UIC.

THE INDUSTRIAL PEACEMAKER



Five years ago we set one of Europe's most imaginative design teams a daunting task.

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The exhaust system is quieter than

ever, as is the cooling fan, which is now repositioned, in a die-cast cowling, and hydraulically driven.

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Our peacemakers follow in the Climax tradition of the very best in British engineering standards.

We think that the new DA 2.0/2.5 is the perfect blueprint for a more peaceful, prosperous and profitable approach to

improving industrial relations.

It's a blueprint we hope you'll investigate and invest in.

For a more detailed and technical look at our peacemakers just turn to the back page, or if you'd like even more information, write to us at the address below.

Climax
Coventry Climax Limited, Sandy Lane, Coventry CV1 4DX
Telephone: Coventry (0203) 555355. Telex: 31632.

JOBS COLUMN, APPOINTMENTS

What defines the young 'high flyer' of today?

BY MICHAEL DIXON

A PANG of nostalgia was evoked this week by the latest Reward salary survey. Regular readers may remember that, until its recent change to an entirely new basis, Reward was the source of the Jobs Column's thrice-yearly managerial salary indicators (whether and, if so, how best to reintroduce this service. I haven't yet decided). But that was not the cause of the nostalgia.

What jerked the old heart strings was the effective disclosure by Peter Brown, the publisher of Reward, that in 1963 he was picked out for interviewing by a researcher into motivation, as a "high flyer." The definition of a high flyer, in those days, he recalls, was somebody on a salary of at least £2,000 a year at the age of 30.

And it showed. I can tell you. As a low flyer I was occasionally unable to avoid such eagles as they swooped down from the sky. They usually found some way to apprise you of the opulence of their superiority within two minutes of first meeting.

The question that Mr. Brown poses is what salary must someone earning at the age of 30 nowadays to qualify for the title of high flyer?

Since 1963 the retail price index has increased 4.6 times, he says, "indicating an equivalent 1980 purchasing power

of £9,200, and the index of average national wage rates has risen 5.5 times—resulting in an approximate salary of £11,000 being necessary to maintain the statistical earnings differential."

But the evidence of the Reward survey and others persuades him that neither of those figures is big enough to denote a company worker who truly deserves the name of high flyer today.

In modern, corporate 30-year-olds who merit the title, Peter Brown believes, are "earning £12,000 or close to it, and almost certainly enjoy the benefit of a stylish company car." But he suspects that, in return, they will be happening around on company business for 80 hours a week.

Perhaps he should now find out what proportion of such creatures still deserve the title at the age of 40. I suspect that, in the interim, a good many just fly round in diminishing circles until they disappear.

Publishing

SINCE the lower age limit for today's first job is 27, it constitutes a chance for someone to fulfil Mr. Brown's criterion.

The post is for a director of editorial services, and is offered by Jane Rose, of Gold Helm Executive Appointments, on behalf of a client whom she

may not name. So—like the other recruitment consultants to be mentioned later—she promises to abide by any applicant's request not to be identified to the employer until specific permission is given.

Based in the West of England, the company employs about 35 people in providing a specialised information service to subscribers. "Since about 97 per cent of the people who take out subscriptions keep them up, I'd say the business was very successful," says Ms Rose. "But the chairman clearly won't be satisfied with anything less than 105 per cent."

The newcomer will report to the said chairman (who is also the founder), and have charge of about ten staff. Some of these provide library and research services to the company in general. But the recruit's main responsibility is the profitable running and expansion of publications, including weekly and fortnightly newsletters, and brochures and pamphlets.

Copious experience of the production side of journalism or other facets of publishing subject to tight and tense deadlines, is plainly required. But candidates will not fill the bill unless they have managed the business side of a publishing operation, with particular emphasis on financial control and

marketing. An informed interest in things mechanical, especially cars, is also desired.

Since it would be rare for someone under 30 to have the required experience, the company would equally welcome candidates who are older. The salary will be up to £15,000 or thereabouts; other benefits are negotiable.

Inquiries to Jane Rose at 26 Queen Square, Bath BA1 2HX; telephone 0225 33031.

Bulk order

LASTLY—before the Jobs Column takes a break until April 15—to a bulk order from the Grosvenor Stewart recruitment consultancy.

The opening opening, so to speak, is for a managing director, based in the United Kingdom, but exercising worldwide responsibility for a medical equipment group. Candidates should already be of at least general manager rank in a health-care business and preferably have first-hand knowledge of marketing, financial management and production. Age could be anywhere between 35 and 50. The salary indicator is

£20,000 plus car. Salary indicator roughly £10,000; bonus and prospect of equity share. Age not specified.

From yet another office at Grosvenor Stewart's Hitchin headquarters, Dr. John Padbury is looking for a general sales manager to work in southern England for the subsidiary of an international group concerned with electronic equipment for medical use. Responsibility covers other countries as well as the UK, so candidates should have experience of international sales, preferably in the same or an associated field. Salary £12,000-£15,000.

If, on the other hand, you would prefer to be a senior sales manager with the British subsidiary of a European concern making and marketing decorative laminates and the like, you will need to inquire at one of Grosvenor Stewart's other addresses. It is Norfolk House, 187, High Street, Guildford, Surrey; tel. 0483 70666.

There Roger Bryant is waiting to hear from people interested in the post who can demonstrate success in sales activity in building supplies, kitchen furnishings, and so on. The main task is to build up the group's British business from its present modest size. Salary around £15,000; plus "impressive" bonus and car.

Partnership Secretary (Designate)

c. £10,000 + car London W1

Our client, Fletcher King, Surveyors, Auctioneers and Estate Agents, wish to appoint a Partnership Secretary to carry out the accounting function of the partnership and managed estates. The successful candidate, who will report to the Senior Partner, will be expected to:

- * prepare monthly accounts
- * draw up and monitor budgets
- * manage the collection of quarterly rents

The position is likely to appeal to a qualified accountant, man or woman, who enjoys getting involved in routine accounting as well as broader aspects of financial control. Age is not important, but candidates should be able to demonstrate experience in a position of trust with responsibility for managing money.

Starting salary is negotiable c. £10,000 and fringe benefits could include a company car.

Please write or telephone for a job specification and application form, quoting ref. 1284.

Anne Knell,
Binder Hamlyn Fry & Co.,
Management Consultants,
227/228 Strand,
London WC2R 1EZ.
Tel: 01-353 5171

FINANCIAL ANALYST

Marketing Services

Salary to £10,000 + car or £11,000

THE COMPANY is one of the UK's most respected high-street retail chains, with a turnover in excess of £1 billion and an outstanding record of growth. An ambitious programme of further expansion is currently being undertaken and the Head Office departments, based in Central London, are noted for an unusual degree of professionalism.

THE VACANCY lies within a small, highly skilled team who offer an extensive financial and marketing service to the group's trading directors and buyers, and entails, inter alia, the assessment of the relative profitability of product groups; analysis of current profit performance which is a vital influence on marketing decisions; the development of financial control and management information systems in the trading area; and the financial assessment of all areas of trading policy.

CANDIDATES should be qualified accountants, business graduates, or first-degree graduates with relevant experience. An interest beyond merely the financial aspects of business is considered essential.

PROSPECTS are unusually attractive, with every opportunity to progress to senior management level in this highly successful organisation.

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Corporate Finance Analyst

Charter Consolidated Limited, an international Group engaged in the development of mining and industrial interests, has a vacancy in its Finance Division for a Corporate Finance Analyst to be located in their London Head Office. The scope of the work is wide-ranging, but primarily consists of examining in depth and advising Head Office divisions and Group companies on corporate finance matters regarding existing investments, new projects and acquisitions in mining and numerous fields of industry. The appointment involves challenging and creative work where conceptional thinking, sound judgement, a well developed understanding of investment as well as an eye for detail are essential qualities. The post will lead to opportunities in general management for the right candidate.

Applicants, male or female, in the 25-30 age group should have either accounting or business qualifications or be financially orientated lawyers. Some experience of corporate finance work with a merchant bank or stockbroker or similar experience gained with a large firm of professional accountants, management consultants or in industry will be required.

The salary will reflect the high personal qualities required. Attractive conditions of service include a generous mortgage interest subsidy scheme.

Applications, which will be treated in confidence, to: The Personnel Manager, Charter Consolidated Services Limited, 40 Holborn Viaduct, London, EC1.

CHARTER

Chief Accountant

Around 30

c. £10,000 + car

commercial experience and highly developed general management skills. A negotiable salary, subject to frequent review, car and other benefits (including, if necessary, relocation) are provided. Location: South London.

Ref. AA63 7282.FT

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 4th floor, Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



PA PERSONNEL SERVICES LTD

Young Accountants Merchant Banking

City £8,500 plus

We are currently offering opportunities for recently qualified accountants to gain valuable career experience in one of the City's leading Merchant Banks.

The successful candidates will initially be involved in reviewing and reporting on the Group's varied activities which include Banking, Corporate and Project Finance, Investment Management, Unit and Investment Trusts, Leasing and Life Assurance. Positive achievement within this function provides opportunities for transfer into other areas of the bank.

Conditions of employment are excellent and include four weeks' holiday, non-contributory pension scheme, free luncheon facilities, free private health insurance plus a mortgage subsidy scheme.

Applications in writing, with full curriculum vitae, should be made in the first instance to:

Box No. 47057,
Financial Times,
20 Cannon Street, EC4P 4BY.

International opportunity for Top Insurance Executive

Sentry Insurance Group (UK) Limited is a member of the International Sentry Insurance organisation whose worldwide assets exceed £750 million. We are now looking for an International Projects Director, reporting directly to the Deputy Chairman of the U.K. Group. Your overall objective will be to build up a sizeable volume of life assurance and associated product business worldwide with particular emphasis on Europe and the Far East.

As International Project Director, your initial responsibility will be for the direct marketing ventures currently being established in France and Belgium, with the objective of expanding these operations into other European countries.

In addition, you will represent the group's interests in its joint ventures with other insurance groups, and work closely with the General Manager of the Group's Bermudan operations in expanding the marketing of products for expatriates.

Your overall knowledge of marketing life and associated products must be such that you can also contribute to overseas growth and profitability by the development of products and marketing strategies in diverse countries, in such a way that the Company is recognised as a leader in the field.

While the Company has a range of contacts in the U.K. and overseas it is expected that the incoming Director will be able to add substantially to these.

We anticipate the successful candidate will be of graduate calibre with actual experience and an established track record in the international marketing of life and related products. The ability to work well with the Nationals of other countries is essential.

The post carries an attractive salary and benefits package. Please write in the first instance with full Curriculum Vitae to:

John Brazier, Group Personnel Manager,
Sentry Insurance Management Ltd.,
56 Leadenhall Street, London EC3A 2BJ.

SENTRY

European Financial Controller

Paris EFr. 200,000 p.a.

◆ Our client is an expanding multi-national company engaged in electronic security systems. Their requirement is now for a Financial Controller to head up the European Controllership function based at the headquarters in Paris.

◆ Candidates must be fully qualified accountants, probably aged between 30-35, who have had a sound financial training with a major auditing practice followed by relevant experience in commerce, ideally in a multi-national environment in Europe. A command of French and German would be other important advantages.

◆ The position has considerable long term career potential as the company is at a significant stage in its development and is poised to exploit the expanding European market.

Please write or contact S.W.J. Adamson FCA, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Tel: Hitchin (0462) 55303. (24 hour answering)



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Executive Search and Selection

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International Investment Adviser

We are seeking a senior Investment Adviser for international institutional investment clients.

Applicants must have extensive experience of investment advisory work, investment management, and of analysis; a sound knowledge of international capital markets is essential; and familiarity with institutional investors is desirable.

This is a challenging position which offers every possibility of further advancement.

The remuneration will reflect the experience and seniority of the person appointed.

Applications, enclosing curriculum vitae, should be sent to:

Mr. Karl-August Schmidt, Personnel Department
B. Metzler sel. Sohn & Co.

Neue Mainzer Strasse 40-42, D 6000 Frankfurt / Main 1, West Germany

FINANCIAL CONTROLLER

London WC1

to £11,000 + car

The Financial Controller will supervise a small staff and be responsible for finance, accounting, management information and control. He or she will have an active role in the management team and examine and develop the manual systems, perhaps introducing computerisation. A range of administrative responsibilities will add breadth to the position.

Our client is a long established and highly regarded Housing Trust. Although non-profit making, the organisation is managed commercially with an emphasis on cost control. Applicants, aged 27-35, should be qualified accountants ideally with systems development and commercial experience. Please telephone or write to David Hogg FCA quoting reference 1/1956.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

WEST GERMANY

A NEW CHALLENGE

Surveyors Consultancy Services (Ian L. Brown) have been retained to recruit a Chartered Surveyor (general practice) for a progressive and highly responsible appointment in Western Germany.

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Annual remuneration in range of £20,000/£30,000 plus usual additional benefits including provision of car.

Application, in strict confidence, giving FULL details of age, education and experience to:

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Investment Analysis

Financial Institution

This leading financial institution with a wide spread of investments is to appoint a high calibre individual to have responsibility for overseas markets, in particular the United States. The person appointed will be responsible for all share and market analysis in the overseas sectors and will be expected to recommend and implement policy changes in the international funds. Candidates male or female, will be aged 30 or over and be graduates or have a professional business qualification. They will have at least five years' experience of

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PA Personnel Services

Hobart House, 80 Hanover Street, Edinburgh EH2 1EL Telephone: 031-225 4481. Telex: 72556



A member of PA International

Edinburgh

ordinary share analysis in United Kingdom and United States markets and should have played some role either directly or indirectly in fund management. In particular an in-depth knowledge of the United States markets is looked for. Personal qualities are important and the ability to bring forward new ideas together with a well developed sense of initiative. Salary is negotiable to an attractive level and other benefits include house purchase facilities and an attractive pension plan. Ref. PP45/7281/FT

ABU DHABI INVESTMENT AUTHORITY

The Abu Dhabi Investment Authority has the following vacancies in its Bond and Equity Department.

FUND MANAGER (NORTH AMERICAN SECTION)

The Fund Manager should be over 30 years old and should have obtained a professional qualification. He must have had at least five years practical experience in analysing securities and experience in managing a balanced portfolio composed of either North American securities and/or international ones. Emphasis should be on strategic analysis and planning. Ref. 1035/FT

INVESTMENT ANALYSTS (THE FAR EASTERN AND EUROPEAN SECTIONS)

Candidates should have obtained a professional qualification and must have had at least three years practical experience in analysing equities internationally or in any of the two mentioned areas. Ref. 1036/FT

SYSTEMS ANALYST/PROGRAMMER

The candidate should have gained a degree or H.N.D. with some computing content or possibly substantial practical experience. He should be fully conversant in programming in the BASIC language. He should be under 28 years of age and have gained experience in an accounting or research function which involved the use of programming and mini-computers. Ideally he would have been involved in investment accounting and/or investment research department. Ref. 1037/FT

Candidates must be prepared to live in Abu Dhabi. The contract will be for a minimum of two years, renewable thereafter. Salary will be free of tax in Abu Dhabi. Free accommodation, transport and medical facilities will be provided.

Please write or telephone for an application form, quoting the particular reference number, to W. L. Tait,

Touche Ross & Co. Management Consultants

Hill House, 1 Little New Street, London EC4A 3TR

Tel: 01-353 8011 ext. 3185

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In this new position you will be a member of the European Treasury organisation. You will focus on providing the analysis for developing European financial strategy, intercompany financing, asset management, and the impact of these on the corporate financial structure. Your responsibilities will also involve balance sheet projections and sensitivity analysis, assistance in the formulation of European-wide Treasury policies and procedures, and special projects.

You need a strong academic background with emphasis in international finance, investment evaluation and planning as well as a minimum of 3 years' experience with Corporate

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We believe that this position offers excellent career opportunities as we continue to expand our activities across Europe. We are offering an attractive salary and fringe benefits are all that you would expect from a major international organisation.

Please write full details of your background and career to: Nigel Allen, Treasury Department, Digital Equipment Corporation International (Europe), 12 avenue des Mornes, Case Postale 510, 1213 Petit-Lancy, Geneva, Switzerland. Telephone: 010 4122933311, Ext. 2603. Please quote ref. 733.

digital

GROUP FINANCIAL ACCOUNTING

£8,000—£11,000

International Scope

A major British group with wide UK and overseas activities has an interesting vacancy for a well-qualified chartered accountant to join their head quarters staff.

Reporting at board level, work involves financial accounting for the UK and overseas subsidiary and associate companies. There will be detailed liaison with divisional financial directors and controllers to meet accounting standards, discuss improvements to accounting procedures and achieve consistency in the measurement of profitability and the presentation of results throughout the group. Responsibilities will include the preparation of the group summary financial accounts on a monthly basis, and for consolidating results, forecasts, budgets and review submissions.

This position could be structured for candidates either: a) aged around 25 with two or three years' post-qualifying experience with a major audit firm in the area of consolidations, or with some industrial/commercial experience and now seeking a broader base. Salary: £8,000, or b) aged up to 30 with substantial experience including international consolidations and financial accounting who are seeking career development opportunities. After two or three years this would enable a move to a more senior head-quarters position or a line controllership in an operating division. Salary c. £11,000.

All candidates should be well educated, ideally with a degree, and be able to display an imaginative accounting approach combined with the temperament to handle a certain amount of regular routine work. Technical expertise in financial accounting, particularly of consolidation work, is as important as the ability to maintain and develop relationships at senior level with corporate and divisional colleagues. The skill to analyse, summarise and present reviews verbally and in writing, necessary as is the detailed understanding of real information underlying basic data.

Previous entrants in the financial area of this group have found the work stimulating, demanding and very worthwhile and have been able to take advantage of promotion and development opportunities as they arose. The usual benefits are offered, including relocation to a pleasant Southern Home Counties town.

Candidates, male or female, should send a detailed career history to Giles Fay who is advising on this appointment, quoting reference G31/FT.

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40 Berkeley Square London W1X 5AD. 01-629 9495

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Our client, a leading American Corporation with subsidiaries in the UK, France and Germany seeks a young, qualified accountant who wishes to follow a career in a company committed to internal promotion amongst long serving staff.

Primarily concerned with the manufacture of motor vehicle components, the Corporation finds its future financial managers from the internal audit function, where a broad knowledge of the business is obtained, enabling promotion to a line position to follow.

Following induction training at the parent HQ in the United States, the successful candidate will be based in London and will travel extensively in Europe on internal audit assignments, acquisition work and special projects. Qualified accountants, up to the age of 30, who are fluent in French can expect to be considered for promotion to line management within a period of two years and will find this a rewarding appointment in a progressive company.

Salary will be up to £12,000 p.a. dependent upon age and experience and a car and the usual benefits are provided.

Candidates should write in confidence for a personal history form quoting reference

MCS/3825 to Ken Johnson, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

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Candidates should have the following background:

- Graduate or Qualified Accountant
- Substantial EDP experience in either Banking/Finance or Manufacturing
- Good communication and analytic skills
- Demonstrable ability to interface effectively at all organisational levels
- In-depth knowledge of current computer systems and technology
- Fluency in English and at least one other European language
- Line Management Experience

Please send a comprehensive CV and salary history to:

Mrs. Kay Stephen Smith
SRI International, NLA Tower
12/16 Addiscombe Road Croydon CR0 0XT

SRI International

Financial Controller

Saudi Arabia

For a company of an established international group engaged in transportation, construction, and allied activities, and now in a phase of continued planned expansion. A qualified Accountant is required whose responsibilities will include the accounting function, financial aspects of contracts, dealing with banks, government departments, legal and administrative matters, and periodic reporting to Group H.Q. Benefits include excellent free accommodation, food, utilities, a car and generous leave. An open ended married or single status contract will be negotiated. Applications in confidence to Gerald Brown (Ref. 6493).

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For further details of these and other opportunities, please contact Ken Anderson or Richard Meredith.

First floor entrance New Street
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A prominent London firm of solicitors is seeking a Litigation Partner capable of making a major contribution to the management and development of a substantial Department, as well as handling commercial litigation at the highest level. The successful applicant will probably be between the ages of 40 and 50. The partnership is expected to yield an income of not less than £30,000 per annum.

Please apply to: Reference 35/DR,
Moore Stephens International Ltd,
St Paul's House,
Warwick Lane,
London EC4P 4BN
Naming any company to whom you do not wish to apply.

Manager Business Accounting

Buckinghamshire

Our client, a subsidiary of a large international group, has a turnover in excess of £27 million and employs 500. Market position, technical proficiency and financial strength are well founded.

Responsibility involves managing a team of qualified accountants and other staff, developing and introducing accounting systems and ensuring financial information and controls are readily and meaningfully available to other senior members of

Please write in complete confidence, enclosing a suitably detailed curriculum vitae to:
ANTHONY NEVILLE INTERNATIONAL
London, Dubai, Singapore, Tokyo, Los Angeles,
Ash House, Churt, Farnham, Surrey, GU10 2NU.
Headley Down (0428) 712313/714493.

c. £12,000

management. In this key position you will be an innovator and participate in other business developments. Size, challenge and opportunity abound in what is a highly competitive and stimulating environment.

Candidates, male or female, preferably with a degree and an accounting qualification should have a record of proven managerial success in a commercial environment and the necessary personal qualities to work with senior colleagues.

Management Accounting

S. London c.£12,500 + car

A first class British retail distributive group with a ten figure turnover and excellent growth record seeks an Assistant Chief Accountant. This post carries responsibility for the provision of financial and management accounting information and associated reporting, including the preparation of periodic management accounts, statutory accounts, fixed asset control and cash management, with EDP support.

Candidates should be qualified accountants with at least five years relevant experience of a large and sophisticated industrial or commercial reporting and control function. The personality and capacity appropriate to main board contact are essential. For a fuller job description write in confidence to A. R. D. MacDonell, at 78 Wigmore Street, London W1H 9DQ, showing clearly how you meet these requirements, quoting 5016/FT. Both men and women may apply.

**John Courtis
and Partners...**

GROUP CHIEF ACCOUNTANT

Central London

Our client, a major U.K. based quoted company with substantial international interests, is concerned with trading, metal-processing and numerous related industrial activities.

Reporting to the Group Financial Controller, the successful candidate will control the preparation of the complex Group consolidation in conformity with Institute and statutory requirements. Other responsibilities will include the preparation of detailed monthly results and annual budgets. There will be direct contact with and some travel to operating subsidiaries.

Candidates, aged 28-33, will be chartered accountants who have experience with a major practice. A subsequent period at the centre of an international group operation is considered preferable and it is essential that candidates possess advanced technical expertise. Personal presence and the ability to work in a challenging corporate environment are important.

The salary for this appointment is negotiable around the figure indicated.

For further information and a personal history form, please contact Nigel V. Smith A.C.A. or Liam Fitzpatrick A.C.M.A., 410 Strand, London WC2R 0NS, tel: 01-836 9501, quoting reference no. 2824.

c.£13,000 + car + benefits

DOUGLAS LLAMBIA'S
Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants



and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

Chief Accountant

c.£9,500 + Car

Surrey

An internationally successful company, manufacturing and marketing a specialised range of fast-moving consumer goods, is looking for a young but mature Chief Accountant to join them at their Surrey headquarters.

Supported by a staff of 26 which includes financial, export and cost accountants, the Chief Accountant is responsible to the Financial Director for the effective running of a Finance Department and for ensuring financial control is maintained through timely and accurate preparation of management reports and accounts within the agreed departmental budget. He/she will also be required to meet the reporting parameters of the parent company in both statutory and fiscal areas. Currently, the department is increasing its use of computer and micro-film applications to ensure a more efficient working environment.

Essentially, our client is looking for a man or woman around 30 years of age with good financial/management accounting experience who has an entrepreneurial attitude to work and

**Austin
Knight
Advertising**



CHIEF ACCOUNTANT

c. £11,000 p.a.

A major firm of City Solicitors wishes to recruit a qualified accountant (A.C.A., A.C.C.A. or A.C.M.A.) to be responsible to the Head of Finance for the firm's accounts department and its staff of nine.

The successful candidate will be responsible for the day-to-day running of all operations of the department including DP, the preparation of monthly reports/management accounts and annual accounts and for assisting in the development of systems which are based on IBM computer hardware.

Candidates should be mature and experienced accountants, with an awareness of the particular concepts of partnership accounting. The salary is negotiable around £11,000 per annum plus pension scheme and other benefits, and the firm has excellent working conditions in modern offices.

Applicants, male or female, should write in complete confidence giving full details of previous experience and current salary to:

WALTER JUDD LIMITED (Ref: L259)
(Incorporated Practitioners in Advertising),
1a Bow Lane, London EC1M 9EJ

U.S. Equity Sales

Dillon, Read & Co. Inc. has recently established an independent research group specialising in high technology companies and wishes to strengthen its equity sales team in London.

The individual we are seeking will have a proven record of selling high quality research and will be responsible for servicing institutional accounts in the U.K. and Europe.

Write to Herbert Oakes:

Dillon, Read Overseas Corporation,
10 Chesterfield Street, London W1X 7HF

BERMUDA

On behalf of our principals, we now wish to recruit the following personnel:-

Financial Analyst

c. \$25,000 p.a. tax free
Age: 25/32 flexible
Insurance exp. ACA/ACCA
Housing allowance
Ref: 44790

Accounts Executive

\$24,000 p.a. tax free
Age: 25/32 flexible
ACA, single, extrovert,
computer exp. useful
Ref: 44792

Please apply in strictest confidence:



**TREVOR M. JAMES, M.E.C.I. or
CHRISTOPHER D. STOCK**
I.P.S. GROUP (AGY) 01-481 8111

Systems Analyst

\$30,000 p.a. tax free
Age: 25/40 years
Control of insurance
accounting project team
Reporting etc.
Ref: 44785

Internal Auditor (ACA)

\$24,000 p.a. tax free
Age: 25/32 years
Pref. single insurance
experience useful
Ref: 44787

Audit Manager up to £10,000

Based at the Engineering Industry Training Board's offices at Watford
The Job (1) to manage and develop the Internal Audit function covering the Board's extensive activities

(2) to make a positive contribution to the Board's effectiveness by achieving high standards of applied professionalism

(3) to examine and report on new systems and the implementation of new policies.

We seek a qualified Accountant with a sound professional background, including EDP audit experience, and the ability to achieve the co-operation of managerial colleagues.

A salary up to £10,000 per annum is offered with good conditions including membership of a first class pension scheme.

Write or telephone for an application form to:
Mr. E. T. G. Shuldham Senior Personnel Officer
Engineering Industry Training Board
41 Clerendon Road, Watford WD1 1HS.
Tel: Watford 44322



Chief Internal Auditor

Riyadh, Saudi Arabia

A Saudi Arabian Government agency specialising in financing industrial and electrical utility projects within the Kingdom seeks to fill this new position, reporting to the Director General, created as a result of the increasing sophistication of accounting, financial, management and control systems.

Candidates, with a CA or CPA qualification from the UK, USA or Canada, must have at least five years' post qualification experience either with an international firm of accountants or as a manager of internal audit for a substantial, financially related organisation. He should be well versed in computer audit, and will be expected to establish an effective on-the-job training programme for junior staff. Previous overseas experience, particularly in the Middle East, would be an advantage. Competence, initiative and maturity are essential personal characteristics.

2-year contract - renewal based on performance - attractive base salary (indicator £15,000 to £18,000) • performance end of contract bonuses • furnished accommodation • generous leave arrangements • education assistance • leased car • excellent recreation facilities.

Please telephone (01-629 1844 at any time) or write - in confidence - in the first instance for a personal history form. B. G. Woodrow ref. B.1617.

MSL middle east

Management Selection Limited
International Management Consultants

17 Stratton Street London W1X 6DB

Financial Director

From £20,000 plus car

Later this year a public group will appoint a financial director to its board. Location Southern England.

Responsibility will be for the entire financial function. He or she should be a chartered accountant working as a director of an engineering or manufacturing subsidiary. However, others with a strong track record will be considered.

Applicants should be aged 35, or over, with a resilient and down to earth approach to financial

problem solving over the next few years of economic change.

Ideal candidates will be seeking a real challenge in their first major board appointment. A salary of about £20,000 is unlikely to be a limiting factor. A car and other benefits are provided. The removal expenses will be paid.

Please telephone or write, in confidence, for an application form quoting reference 1501.

Roland Orr
Management Consultant

35 Piccadilly, London W1V 9PB. Telephone: 01-734 7282.

GROUP ACCOUNTANT LONDON

The Tioxide Group is one of the world's leading manufacturers of titanium dioxide with a turnover approaching £200 million per annum and employing 4,500 personnel in subsidiary companies in the U.K. and five overseas countries. The Group Headquarters of this International manufacturing and marketing organisation is located in London's West End.

We now require a Group Management Accountant reporting directly to the Group Financial Controller. The post demands a knowledge of international financial and management accounting and corporate taxation. Experience of budgetary control and the evaluation of capital investment projects is essential. To assist in the financial control of the Group, data processing methods are used extensively and a sound knowledge of computer applications for financial planning and project evaluation would be desirable. The Group Management Accountant would be expected to oversee input for control and planning purposes. Close liaison would have to be maintained with senior management across the Group and with business schools and other outside commercial and industrial sources.

Candidates must be qualified Accountants, probably in their early thirties, and have now achieved a five-figure salary. They should be energetic and free-thinking executives who have had at least five years' business experience, preferably with an organisation operating internationally.

The post commands an attractive salary, a non-contributory pension and life assurance scheme and other benefits associated with a large industrial group. Relocation expenses, etc where necessary will be met by the Company.

Applicants, male or female, should write for further information quoting reference C109 on both letter and envelope, and giving brief details of age, qualifications and experience to: The Group Personnel Manager, Tioxide International Ltd., 10 Stratton Street, London W1A 4XP.

Tioxide
white pigments for industry

F.X. SETTLEMENTS

Age 28-40

A prominent and rapidly expanding International Bank seeks to appoint a capable and ambitious Banker with extensive settlement experience to take charge of the complete back-up facility. A minimum of five years' exposure in this area is an essential prerequisite and the successful candidate will be capable of fulfilling an important managerial role within a bank having significant future expansion plans.

A wide range of benefits augments the basic salary, which is freely negotiable around the above figure.

For more details of the above positions and the many more we are currently handling, please telephone, in the strictest confidence, Mark Stevens, General Manager.

BANKING PERSONNEL
4/142 London Wall, London EC2. Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)





RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
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TECHNICAL PUBLIC RELATIONS OFFICER

£9,500 - £17,000 NET OF TAX

LONDON

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This vacancy is open to candidates, aged 30-45, who have acquired at least seven years' practical journalistic experience (some of which will have been writing on technical subjects) and preferably they will have acquired knowledge in international communications and/or in maritime communications. Reporting to the Director General, responsibilities will cover all aspects of public relations, liaising with the technical press and media world-wide, preparing literature, writing articles, preparing speeches with the object of making all potential users in the shipping and offshore industries fully aware of the unique benefits provided by the organization in better, clearer and faster modern maritime communications. Some overseas travel will be necessary. The successful candidate will be expected to make a significant contribution to the development of the organization's activities world-wide, and assisting member organizations with their public relations on a national and regional basis. Initial salary negotiable, £9,500-£17,000, net of tax, plus contributory pension, family B.U.P.A., assistance with removal expenses if necessary. Applications in strict confidence under reference TPRO1215/FT, will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

A demanding appointment with opportunity for promotion within finance or general management

CJRA

ASSET CONTROL MANAGER

BERKSHIRE

£13,000 - 14,000 + CAR

RAPIDLY EXPANDING CONSUMER MANUFACTURING COMPANY NOTED FOR ITS MODERN MANAGEMENT METHODS T/O £100 MILLION+

Applications are invited from qualified accountants, possibly with an M.B.A., aged 27-32, with 4/5 years' post-qualification experience and a fast track record in profit-conscious and successful companies. The successful man or woman must have commercial acumen, be prepared to work in a challenging and pressurised environment and be capable of making a significant contribution to the company's success. Heading up a team of qualified accountants, your responsibility will be the management of all aspects of the company's balance sheet, including cash and asset control, investment appraisal, treasury and tax matters and budgetary control to tight deadlines. Initial salary negotiable, £13,000-£14,000 + car, contributory pension, free life assurance, assistance with removal expenses where necessary. Applications in strict confidence under reference ACM12174/FT, will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSON RECRUITMENT ADVERTISING LIMITED
35 NEW BROAD STREET, LONDON EC2M 1NH

Capital Investment Appraisal Engineering Industry Substantial five figure salary+car

Our client, a major engineering group, has embarked on an extremely ambitious investment programme, both in the UK and abroad. A key manager is now required to take staff and functional control of the investment appraisal departments.

Working at the corporate headquarters, the new manager will have functional control of investment departments located within operating divisions. Total staff responsibility will be for six high-level specialists plus, indirectly, twenty people within divisional departments.

We would like to discuss this key role with candidates who have experience of investment appraisal within the engineering

industry. Banking experience is seen not to be relevant in this case. A wide generalist background would be helpful plus potential for further career progression. Candidates must be good communicators as the new manager will be dealing at Board level. We will wish to see evidence of high analytical ability plus managerial skill.

The position is located in Northern England.

To apply, either send a curriculum vitae, or phone for an application form quoting reference 1A/G. At this stage all approaches will be treated in the strictest confidence. This position is open to both men and women.

Cambridge Recruitment Consultants

1a Rose Crescent, Cambridge CB2 3LL. Telephone: (0223) 311816

Queen's Counsel

M. Temple, M.A. (Oxon)
St. 25 years of practice in English-French system, fluent English and French, seeks post with international law firm or in legal department in France, Switzerland, UK, Benelux.
Write Box G8890, Financial Times
10 Cannon Street, EC4P 4BY

GROUP CHIEF ACCOUNTANT

A major U.K. company, located in the North West, wishes to recruit a person of exceptional ability and with good experience as its Group Chief Accountant.

Candidates should be qualified accountants, aged between 35 and 45, and have had experience at a senior level in the accounting department of a major group. They should also have had experience in budgeting and in the monitoring of the performance of subsidiaries.

The remuneration and other benefits will be substantial and will not prove a bar to the recruitment of the selected candidate.

Please reply in the first instance to:

WALTER JUDD LIMITED (Ref: L257)
(Incorporated Practitioners in Advertising)
1a Bow Lane, London EC4M 9EJ.

Indicating the names of any companies to whom you do not wish your reply to be sent. If the list includes the company involved, your application will be destroyed.

Credit and Marketing Officer

Africa Division — Major US Bank

Our client, based in London, is the International Division of a major U.S. bank. We are seeking a Graduate with at least five years' banking experience including recent experience in business development in Africa. Knowledge of Government lending, trade financing and negotiation of loan documentation is essential. Strong credit skills plus ability to make an articulate political and economic analysis will be required.

Candidates are likely to be aged 28-35, fluent in French and free to travel for about 25% of the year. Base salary is negotiable at £12,000 plus normal fringe benefits.

Please send full details to:
Tim Neame, Korn/Ferry International
2/4 King Street, St. James's
London SW1Y 6QL

KORN/FERRY INTERNATIONAL

DOUGLAS LLAMBIAS

Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants
and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Chancery Place, Edinburgh EH2 7AA (031-225 7744)

Commercial Banking in the U.K.
Business Development Executive

Manchester based

A major foreign commercial bank, with a long-established UK arm in London, is seeking to expand in the North of England from its branch office in Manchester and requires a Business Development Executive to spearhead this operation. Candidates must have had a number of years' experience in commercial banking or a finance sector and have a good working knowledge of lending in a broad spectrum of the business sector. All applications will be treated in strictest confidence and should be addressed to Box A7102, Financial Times, 10 Cannon Street, EC4P 4BY. The successful candidate will be required to initiate business contacts and be capable of

£11,000

conducting negotiations at all levels, presenting propositions in a formal manner to a Credit Committee. This position calls for a person with a good understanding of the financial needs of business and it is unlikely that candidates below their late thirties will have the required maturity. Attractive fringe benefits are available including company pension scheme, free life cover, BUPA and a house mortgage subsidy.

All applications will be treated in strictest confidence and should be addressed to Box A7102, Financial Times, 10 Cannon Street, EC4P 4BY.

CHIEF ACCOUNTANT
BERKSHIRE c. £10,500 Plus car

Our Client, a leading furniture manufacturing company, part of a U.K. group, wishes to appoint a Chief Accountant.

The Chief Accountant will be responsible to the Finance Director for all financial and management accounting within the company including the development of strong controls and involvement in the rationalisation of computer systems.

He/she should be a qualified accountant aged 28-35 with 3/5 years' experience of financial management within a manufacturing company.

Please write or preferably telephone Peter Slip

Personnel Placement Services Ltd.
14A Cross St Reading RG1 1SN Tel (0734) 595343

Corporate Cash Management
International Banking

Bank of America NT and SA, the world's largest international bank, is seeking an experienced professional to join a City-based project team responsible for designing and marketing international cash management services for major clients throughout the Bank's Europe, Middle East and Africa Division.

Applicants, graduates aged 25-35, must be experienced in the application of a broad range of cash management services, either as a representative of a major international bank, or as a member of a corporate treasury staff. A knowledge of languages would be an asset.

Excellent career opportunities exist in the Bank's international operations. Salary will be commensurate with qualifications and experience, and fringe benefits are in line with best international banking practice.

Write in strictest confidence with full personal, career and salary details to A. J. Tucker, Recruitment Officer, Bank of America NT & SA, 25 Cannon Street, LONDON, EC4P 4HN.



Oil

c£12,500

E.D.P. Audit

Our client, a major multi-national oil company, has an impressive record in growth and diversification. The company is committed to an extensive investment programme in the latest computer technology. The successful candidate, likely to be a Chartered Accountant and between twenty-five and thirty-five, will lead a team of U.S. specialists and European D.P. staff. 30%-40% travel is envisaged. Four main computer centres together with smaller operating units will form the main area of concentration. There will be a growing role in participation at various stages of systems development.

In addition to the salary there is a comprehensive benefits package. A substantial career development programme is an important feature of this position which is designed to lead to a range of management opportunities.

Applicants, male or female, should apply in strictest confidence with career details to: Kevin Keating
Gresham Executive Appointments, 6th Floor, Imperial Buildings, 56 Kingsway, London WC2B 6TJ.
Telephone: 01-242 6251/4

**Gresham
Executive Appointments**

Corporate Controller

Consumer goods

This rapidly growing UK subsidiary of an American company requires a qualified accountant who, in addition to first-class financial expertise, will provide a major contribution to the general management of the business. The wide range of high-quality personal and home care products are marketed in volume at low unit cost. The successful applicant will report to the Managing Director and be responsible for the financial, EDP and commercial administration departments. Experience will demand skilful management of existing systems and the ability to plan, design and implement developments to meet forecast growth. Candidates, probably in their early 30s, must have a proven record of achievement in management, have worked with

computerised management information systems and ideally be familiar with American reporting requirements and treasury matters. Experience in high-volume distribution of consumer goods and a business qualification would be advantageous. The employment package includes a non-contributory pension scheme, BUPA and relocation assistance to Buckinghamshire.

Ref: AA56-7283/FT

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 61a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 2784



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FINANCE DIRECTOR
AND CONTROLLER

£13,000 + CAR

This job is a key new appointment to help a world leader in micro-based audio visual and lighting control systems move into higher gear after a solid record of profitable expansions. An A.C.A., C.A. or A.C.M.A. with first-rate experience in management information systems and practical accounting with a view to profit will be asked to propose and implement a new D.P. system including stock and production control, as well as carrying full corporate responsibility under the M.D. for all the other functions of a group finance director.

You will join a small, highly competent team and make a unique contribution to the future of a most interesting British company with excellent financial backing and international involvement. (Current T/O approximately £6m.)

Please apply in writing to Ian Simpson, Managing Director, Electrosonic Limited, S15 Woolwich Road, London SE7 8LT.



David Grove Associates

Bank Executive Recruitment

60 Cheapside London EC2V 6AX

Telephone 01-236 0640

LENDING OFFICERS AND CREDIT ANALYSTS

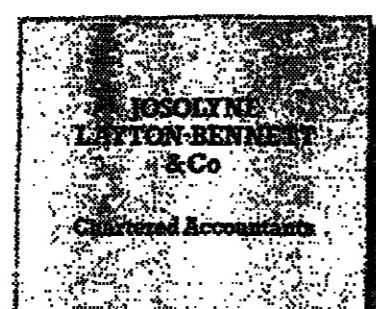
We are currently handling a number of attractive vacancies with progressive international banks, requiring 2-3 years' experience in an international environment. Language ability in any of the following would be useful: French, German, Spanish, Portuguese. Excellent remuneration packages are offered and prospects are very good.

SENIOR LOAN ADMINISTRATION

This is a challenging position in a City-based consortium bank, requiring several years' involvement in the corporate loan administration field combined with some experience of management. This vacancy will suit a person keen to progress in the loan administration area and who is probably aged 30-35 years.

Please contact David Grove

c. £9,000



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Your success depends to a high degree on the reputation of the people you work with. What makes our name unique is the very personal way in which we work.

We recruit and train good people. We develop a personal enthusiasm for our clients' businesses. We maintain close personal contacts within our firm - so that our partners and managers can rely on the right

professional support from our specialist staff.

This is the tradition that Joselynes have built up over the years. If you have ambition and professional commitment, we will help you expand your experience and your career.

Contact Roy Ashwell, Metropolis House, 39/45 Tottenham Court Road, London W1P 0JL. Telephone: 01-636 7777.

We will help you expand your career.

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Charles Barker Confidential Reply Service

Please send full career details and list separately companies to which we should not forward your reply. Write the reference number on the envelope and post to our London office, 39 Farringdon Street, London EC4A 4EA.

Tax Accountant c. £9,000 p.a.

Our client is a major financial institution in the City seeking an ambitious young graduate who wishes to pursue a career in taxation.

It is intended that the successful applicant will gain wide ranging experience by assisting with the preparation of home and overseas returns for the group, administering the tax affairs of its varied subsidiaries and advising on the tax implications of future projects.

If you are around 23, well on the way to a relevant qualification and with good communicative skills you are strongly recommended to pursue your application for this rare opportunity.

A highly competitive remuneration package is negotiable dependent on experience and qualifications. Additional generous benefits include low cost mortgage and non-contributory pension schemes together with flexible working hours.

Please apply in confidence quoting reference 1627 on your envelope and listing separately companies to which you do not wish details to be sent.

Investment Marketing UNIT FUNDS

Fidelity International Management Limited, the new UK subsidiary of the Fidelity Group of Boston, (the largest fund group in the US, managing over £3,500 million), require:

Investment Advisory Manager to supervise unit dealing and enquiry department and advise direct clients. Some marketing responsibilities also involved.

Fund Sales Manager to liaise with professional advisers in London, Channel Islands and overseas who are interested in Fidelity unit funds.

Experience for both positions must include several years investment experience, probably advising private

clients of a bank, stockbroker or insurance broker. Ideal candidates (men or women) are likely to be in the 30 to 49 age group and would have knowledge of unit funds and marketing. Generous salary, bonus and compensation package dependent on experience and proven ability.

This is a unique opportunity to join, at an early stage, our small, rapidly expanding team, who work hard and enjoy it.

Applications with full c.v. in strictest confidence to:

Richard K. Timberlake, Managing Director, Fidelity International Management Limited, Buckingham House, 82/83 Queen Street, London EC4R 1AD.

Fidelity

Controller Merchant Bank

Salary negotiable

For an international merchant bank with world wide interests. This is a senior appointment as Head of a Division. Responsibility will be directly to the Deputy General Manager for the total accounting function, management information services, budgetary control and computer systems. Age is flexible, but relevant international banking experience in the controller function and the ability to adapt to the needs of a rapidly expanding organisation is essential. Knowledge of Spanish is advantageous but not mandatory. An initial three year contract (renewable) is envisaged. An attractive tax free remuneration package is negotiable in accordance with the best international practice.

Applications in strict confidence to Gerald Brown (Ref. 8432).

Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants

01-404 5801

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of job opportunities



Corporate Operations

We require for our small Corporate Headquarters at Weybridge Two Qualified Graduate Accountants who can respond to the pressures of being part of a rapidly expanding organisation, operating in an intensely competitive international market. British Aerospace has a range of programmes covering civil and military aircraft, guided weapons and space systems, which is unequalled in the world. We employ over 70,000 and have a turnover of some £1,000 million. The vacancies are for:

Chartered or Cost and Management Accountant with previous industrial experience, probably aged 27 - 32. The successful applicant will join one of our multi-disciplined teams whose task is to review management information systems across all functions - production, marketing, finance. Exposure to senior management is considerable, and an enquiring and analytical approach to the work is essential. (Reference F1)

Newly Qualified Chartered Accountant aged 25 - 28, to assist in the preparation of internal and external financial reports, such as annual and half yearly accounts, financial reports for employees, long-term financial and strategic forecasts, management accounts, project assessments, etc. (Reference F2)

Both positions will appeal to those who recognise the value of corporate experience as providing an entree to line management.

Salaries will be related to qualifications and experience. Conditions of employment and benefits are those you would expect to find in a large and progressive organisation. Applicants (male or female) should write in confidence, giving brief details of experience qualifications and present salary (quoting Ref. F1 or F2 as appropriate) to:

F. P. Rhodes, Corporate Adviser - Personnel,
British Aerospace Headquarters,
Brooklands Road,
Weybridge, Surrey
KT13 0SJ.

BRITISH AEROSPACE
Headquarters

Financial Control

c. £14,500

A long-established profitable company in a process industry has a turnover in excess of £150m and plans to strengthen its financial control function. The initial appointment will be to the position of Chief Management Accountant and the prime task will be to develop further the accounting and information systems to enable management to control the business more effectively. He or she will direct 30 management accounting and costing personnel and will absorb additional duties related to corporate internal performance evaluation after a short period of time. Applicants will be FCMA or ACMA, aged between 32-42, and preferably having a further qualification in business studies. Broad experience at a senior level in

management accounting, planning and control, and in the development of computerised systems is required. A background in a multi-national organisation with interests in the chemical or allied industries would be an advantage. Salary is negotiable around £14,500 and other benefits include company car. Location: Essex.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hvde Park House, 60a Knightsbridge, London SW1X 7LE Tel: 01-235 6060 Telex: 27874



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As one of the world leaders in the diversified fields of travel, banking and financial services, the need for a highly sophisticated auditing function is essential. Our Auditors carry out operational and financial audits at offices, banks and accounting centres throughout Europe, Africa and the Middle East.

Due to promotion we are seeking four professionals, male or female, to join our Corporate auditing team. Aged between 25 and 35, you will be either a graduate with a good degree, a qualified accountant or an experienced banker and have at least 2 years financial, operational auditing or banking experience. The ability to write meaningful reports and communicate effectively at all levels is important and a knowledge of EDP Audits would be useful.

The jobs are based in London/Brighton with regular travel required in the Europe, Middle East and Africa area. A small number of positions are based in Hong Kong and require very extensive travel throughout the Asia-Pacific area. Candidates appointed for these positions would be relocated after an initial period of training. Salaries are progressive and the fringe benefit package attractive.

Prospects for development are good. Please write giving full details of career to date to:

Mrs. Stella Todd, Corporate Personnel, American Express International Banking Corporation, Prestatine House, Preston Road, Brighton, Sussex. Tel: Brighton 693555.



GROUP ACCOUNTANT

Our client, a leading Merchant Bank is looking for a qualified Accountant with the expertise to handle the many changing financial aspects of the banking community.

The ideal candidate will have qualified with a major firm and would be thoroughly conversant with accounting procedures.

A knowledge of banking would be an advantage but not a necessity.

Reporting to an Executive Director, he/she should be able to work within a specialist team involved in Corporate Planning, Group Taxation and Consolidations.

Coupled with an excellent salary there is a house mortgage subsidy.

For further details please contact:

DAVID CLARK, F.C.A., Consultant
quoting 323

David Clark Associates

4 New Bridge Street, London EC4

Telephone: 01 353 1867

A Badenoch & Clark Group Company

INTERNATIONAL INTERNAL AUDITOR

c. £12,000 + car

Our client, a compact multi-national organisation with a high technology product line, has an outstanding record of profit and growth in Europe. This growth, however, has brought a need for an internal audit function and it has been decided to establish an internal audit function in the corporate headquarters to be responsible for the European operations with some reporting directly to the parent company in New York.

The successful candidate, male/female, must be a qualified Accountant with several years' experience with a major professional firm or within a successful commercial/manufacturing organisation. In addition, he/she should have had experience in auditing multi-nationals and be capable of setting up the internal audit function and ensuring that appropriate controls are developed and maintained in compliance with corporate policies.

Proficiency in German is essential and knowledge of French and Italian would be helpful.

All relocation expenses to the Hampshire South Coast will be paid.

Write, or preferably telephone, Peter Slip, Personnel Placement Services Ltd, 14a Cross Street, Reading, Berks, RG1 1SN. Tel: (0734) 585343 (24-hour answering service). Quoting Ref: 3114.

Personnel Placement Services Ltd.
14a Cross St Reading RG1 1SN Tel (0734) 585343

CHIEF ACCOUNTANT West Drayton, Middlesex

c. £11,000 + car

All Metal Services Limited is a young but established firm of metal stockbrokers in modern premises at West Drayton.

The Chief Accountant will report to the Directors and have responsibility for the complete accounting function, including the preparation of monthly management accounts. Manual systems are currently in use, but it is envisaged that a mini computer will be installed within the next year or two.

The post represents an interesting opportunity for an accountant with two/three years post qualification industrial experience, who will maintain and develop systems while contributing to top level decision making. Financial Director status is a possibility for the future.

Please send a comprehensive career résumé, including salary history, quoting reference 1038/FT, to M. Campbell,

Touche Ross & Co. Management Consultants

Hill House, 1 Little New Street, London EC4A 3TR

Tel: 01-353 8011

Financial Manager c.£12,500 p.a. + car

A London-based international shipping company requires an additional senior accountant. Applicants will be professionally qualified, probably over 30, with several years' commercial experience. They will be able to demonstrate clear evidence of their accounting skills in a demanding business environment.

Functionally responsible to the Financial Controller, he or she will be expected to make a positive contribution to planning, budgeting, forecasting, and

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management information systems development and project evaluation, in addition to controlling the day-to-day accounting for a specific area of responsibility.

Our client offers a range of attractive benefits, excellent prospects for further career development and assistance if necessary with relocation expenses.

Please send a full C.V. to Position Number AVF 7699, Austin Knight Limited, London W1A 1DS. Applications are forwarded direct to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.



UK Equity Manager Airways Pension Scheme

The Headquarters of the Airways Pension Scheme, situated on the Great West Road, Hounslow, Middlesex, houses a team of 130 people, who, under the leadership of a group of highly professional executives handle the complete administration of the Scheme, whose total portfolio is valued at more than £600m.

The Scheme's General Manager now wishes to appoint a new UK Equity Manager who will have regular contact with the Stock Market, and with heads of industry and commerce in order to assess their organisations' potential profitability.

The successful applicant, male or female, will have a degree or professional qualification with emphasis on numeracy, backed by at least two years' experience in a comparable post. Starting pay, currently under review, will be £3,600 in a scale rising to £10,900. Other benefits will include membership of the index-linked scheme and favourable holiday air travel opportunities.

Please write before 10 April giving full details of qualifications and experience to: Manager, Senior Staff Recruitment, British Airways, PO Box 10, Heathrow Airport - London, Hounslow TW6 2JA.



Controller Merchant Bank

Latin America

Salary negotiable

For an international merchant bank with world wide interests. This is a senior appointment as Head of a Division. Responsibility will be directly to the Deputy General Manager for the total accounting function, management information services, budgetary control and computer systems. Age is flexible, but relevant international banking experience in the controller function and the ability to adapt to the needs of a rapidly expanding organisation is essential. Knowledge of Spanish is advantageous but not mandatory. An initial three year contract (renewable) is envisaged. An attractive tax free remuneration package is negotiable in accordance with the best international practice.

Applications in strict confidence to Gerald Brown (Ref. 8432).

Mervyn Hughes Group
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Management Recruitment Consultants

01-404 5801

LJC Banking Appointments
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جامعة الملك عبد الله

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The Challenge:

The International Finance Corporation, the affiliate of the World Bank promoting the private sector in developing countries, is seeking highly qualified individuals willing to accept the challenging opportunities of a career in international development.

The Task:

IFC Investment Officers identify and appraise proposed investments, negotiate and present proposals to the Board of Directors plus supervision of IFC investments, all within a multi-national and multi-disciplinary team.

Requirements:

Candidates should possess a relevant degree and have at least five years' financial or industrial experience in lending, funding or equity investments with management implications, preferably in developing countries. Involves frequent travel to assigned countries. Command of English essential; fluency in French or Spanish a definite asset.

Benefits:

Competitive benefits package including relocation expenses on appointment and provision to maintain cultural ties with home country.

Please send résumé in English quoting Ref. IFC-1080-01203 to: Ernest T. W. Fones, Senior Personnel Development Officer, International Finance Corporation, 1818 H Street, N.W., Room 1-9-169, Washington D.C. 20433, USA.



INTERNATIONAL FINANCE CORPORATION

David Grove Associates
Bank Executive Recruitment
60 Cheapside London EC2V 6AX
Telephone 01-236 0640

FINANCIAL SERVICES EXECUTIVE — PARIS

Our Client a leading French Bank with an international network of branches and associates. This is a challenging opportunity in a developing area of the Bank's activities. The successful candidate will assist in the development of services, covering, in particular, Anglo-French activities. Suitable candidates will be qualified accountants or lawyers who have gained knowledge of the alternative discipline. A knowledge of U.K. corporate tax would be useful. Fluency in French is essential. Candidates should be between 30 and 35 years of age with a wide knowledge of the range of services available through U.K. Banks and other financial institutions.

This assignment is intended to cover a period of up to 4 years after which reassignment to the Bank's London office is envisaged. Salary is by negotiation but the overall package will be very attractive and reflect the importance our client attaches to the appointment.

ap Senior Appointments

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Based SW1—Tax Savings £10,000-£13,000+

A multinational client offers first class travel and accommodation to most parts of the world (excluding Arabia) to carry out MANAGEMENT audits of weeks to months duration. Junior positions would require CA/ACA of single status. Other, more senior appointments, which offer an opportunity of promotion to FD may allow wives to accompany. 20's to late 30's. Degree plus languages an advantage.

Reply in confidence to Ian Crichton or Mark Lockett

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS
41 London Wall, London EC2M 5TB - 01-588 5105

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AND
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The position is with a holding company running two subsidiary consulting organizations—one is Commodities Research Unit which is a fast-expanding firm of economic consultants with offices in London and New York, regularly advising governments and international companies worldwide on all aspects of the production-marketing and use of industrial metals and minerals—the other is Forex Research Ltd. which provides detailed economic analysis and foreign exchange forecasts to help international banking and company clients reach decisions on currency exposure, cash management, debt structures, pricing policy and budgeting.

The successful applicant will be involved in the profitable running of the companies, be a business graduate, be commercially motivated, have the personal qualities necessary to negotiate successfully with staff, and be capable of helping to steer the company towards a public quotation.

A degree or relevant professional qualification is required. Besides a salary well in five figures the person appointed will also receive fringe benefits.

Please send detailed application with e.v. in confidence to:
The Chairman
No. 26 Red Lion Square, London, W.C.1

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We are part of the world's leading group of companies marketing raw materials, metals and other commodities. Our own turnover is in excess of £500 million and due to continued expansion we now wish to strengthen our accounting team.

Reporting to the Chief Accountant the successful candidate will supervise a small staff and have overall responsibility for the daily maintenance of the bullion accounting system and reporting of monthly results to management.

Applicants should have had several years' accountancy experience and be used to computerised accounting techniques. Some previous background of commodity accounting or banking would be useful.

Write with full career details to:

The Company Secretary
DERBY & CO. LTD.
Moor House, London Wall, London EC2Y 5JE

JAMMAL TRUST BANK S.A.L.
13-14 Hanover Street, London W1R

REQUIRE HEAD OF DOCUMENTARY CREDITS

Contact: Mr. U.P.R. Rau
(Phone No. 01-493 3824)
or send brief curriculum vitae

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Companies
and Markets

CURRENCIES, MONEY and GOLD

Pound steady

There was hardly any reaction at all to yesterday's UK budget in trading yesterday, with the market still influenced to a great extent by the performance of the dollar. Trading was thin for most of the day, and there was little intervention by central banks. Sterling's trade weighted index rose to 72.9 from 72.7, but probably failed to reflect the pound's fall decline as demand for the dollar increased. Against the dollar it opened at \$2.0295 and eased to DM 1.0567.

Sterling rose to DM 4.1570 from DM 4.1530, and the Belgian franc was higher at DM 6.209 per BF 100 from DM 6.202. The French franc was firmer at DM 43.105 per FF 100 against DM 43.08, while the Swiss franc eased to DM 1.0589.

The franc was firmer against most major currencies at yesterday's fixing in Brussels. The authorities seem to have stepped in to support operations in the interest rates market, to have shown signs of improvement. The franc was firmer against most major currencies at yesterday's fixing in Brussels. The authorities seem to have stepped in to support operations in the interest rates market, to have shown some dividends at last, though this was underlined when the Belgian National Bank indicated that it had spent only BF 2bn in support operations in the previous week compared with BF 20bn the week before.

The dollar opened around its weakest level of the day but slowly improved to finish at the top of the day's range. However, it still showed a slight loss from Tuesday's levels: Against the D-mark it eased to DM 1.8925 from DM 1.8965 and SwFr 1.7925 against Swiss franc 1.7940 in terms of the Swiss franc. The D-mark was weaker at DM 16.1045 from BF 16.225, even after a fall in the morning, which has been very strong, recently shown a fall to BF 16.0975.

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The yen lost ground against the dollar in Tokyo yesterday, as expected, as speculation faded over a possible increase in interest rates after today's Bundesbank meeting. The dollar improved from early levels to be fixed at DM 1.8902 lower than Tuesday's level of DM 1.8944, but up from an opening figure of DM 1.8847. There were no detectable signs of any intervention by the Bundesbank either inside or outside the fix.

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Companies and Markets

WORLD STOCK MARKETS

NEW YORK

Stock	Mar. 25	Mar. 24	Stock	Mar. 25	Mar. 24	Stock	Mar. 25	Mar. 24	Stock	Mar. 25	Mar. 24	Stock	Mar. 25	Mar. 24
AFG Industries	261	261	Columbia Gas	551	551	Gt Atl. Pac. Tea	551	551	Mesa Petroleum	551	551	Schillie Brew. J.	551	551
AMF	151	151	Columbia Pet.	147	147	Gt Basin Pet.	551	551	Sealium	551	551	Sealium	551	551
AM Int'l	158	157	Combust. Eng.	611	611	Gt West Financ'l	151	151	Milton Bradley	551	551	Scott Paper	551	551
ARA	27	27	Combus. Equip.	93	93	Minnesota Minn.	471	458	Scudder Fund V.	551	551	Scudder Fund V.	551	551
Arbores Lmn.	417	417	Commt. Satellit.	18	18	Missouri Pac.	201	214	Missouri Pac.	551	551	Seaford Power	551	551
Acme Clve.	253	253	Compographite	224	224	Modem Merch.	10	10	Seagram	551	551	Searle (G.D.)	551	551
Adobe Oil & Gas	403	40	CHE	314	24	Modern Merch.	74	74	Sealed Power	551	551	Searle (G.D.)	551	551
Aerofl. Life & Cas.	314	314	Comp. Science	165	174	Mohasco	251	256	Searle (L)	551	551	Searle (L)	551	551
Air Prod & Chem	151	151	Conn Mills	514	52	Monarch Mfg.	251	256	Seasame	551	551	Seasame	551	551
Alzona Int'l	104	104	Conn. Gen. Life	434	434	Hammerrnifpr.	223	373	Scott Paper	551	551	Seasame	551	551
Alberto-Culv.	8	8	Conn Edison	214	177	Handelman	8	9	Seaver Dur.	551	551	Seaver Dur.	551	551
Alcan Aluminum	51	51	Conn Foods	202	203	Hannigan	201	214	Seaver Dur.	551	551	Seaver Dur.	551	551
Alco Standard.	263	263	Conn Nat Gas	584	584	Gruuman	201	214	Seaver Dur.	551	551	Seaver Dur.	551	551
Allegheny Ludlum	253	253	Consumer Power	151	151	Gulf & Western	104	104	Seawood	551	551	Seawood	551	551
Allied Chemical	451	451	Conti Corp	224	224	Gulf Oil	351	351	Seawood	551	551	Seawood	551	551
Allis-Chalmers	224	224	Conti Illinois	224	234	Hewlett Pack.	551	551	Seawood	551	551	Seawood	551	551
Alpha Portf.	153	153	Conti Telep.	13	15	Hilti (H.J.)	551	551	Seawood	551	551	Seawood	551	551
Alcos	557	556	Control Data	45	441	Hilti (H.J.)	114	114	Simplicity Patt.	74	74	Simplicity Patt.	74	74
Almond Sugar	261	261	Conn. Gen. Life	434	434	Hilti (H.J.)	16	16	Singer	551	551	Singer	551	551
Amherst Hous.	424	424	Coors Adolph	114	124	Hilti (H.J.)	20	20	Skyline	551	551	Skyline	551	551
Am. Airlines	623	622	Copeland	19	19	Hilti (H.J.)	21	21	Skyserv Int'l	551	551	Skyserv Int'l	551	551
Am. Brands	60	60	Copperfield	171	177	Hilti (H.J.)	175	175	Smith Kline	551	551	Smith Kline	551	551
Am. Broadcast	234	234	Coming Glass	551	551	Hilti (H.J.)	197	197	Sonics	551	551	Sonics	551	551
Am. Cynamic	154	154	Cox Broadcast	60	61	Hilti (H.J.)	201	201	Sonic Bank	128	128	Sonic Bank	128	128
Am. Elect. Pwr.	154	154	Crain	358	358	Hilti (H.J.)	204	204	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Am. Express	254	254	Crocker Nat'l	254	254	Hilti (H.J.)	205	205	South Natl. Rep.	504	504	South Natl. Rep.	504	504
Am. Home Insur.	165	165	Crown Cork	353	353	Hilti (H.J.)	206	206	South Pac. Tel.	551	551	South Pac. Tel.	551	551
Am. Home Prod.	214	214	Cummins Eng.	304	304	Hilti (H.J.)	207	207	Stahl Trans.	501	501	Stahl Trans.	501	501
Am. Int'l Medcial Int.	301	301	Dart	176	176	Hilti (H.J.)	208	208	Sherwin-Wm's	251	251	Sherwin-Wm's	251	251
Am. Nat Reases	44	44	Dart	204	204	Hilti (H.J.)	209	209	Signal	551	551	Signal	551	551
Am. Petifina	154	154	Dart Inds.	354	357	Hilti (H.J.)	210	210	Sigmas	505	505	Sigmas	505	505
Am. Quasifret.	251	251	Data Gen.	551	551	Hilti (H.J.)	211	211	Sigmas	505	505	Sigmas	505	505
Am. Standard	425	425	Dayton-Hudson	303	303	Hilti (H.J.)	212	212	Sigmas	505	505	Sigmas	505	505
Am. Stores	21	20	Delta Air	342	342	Hilti (H.J.)	213	213	Simplicity Patt.	74	74	Simplicity Patt.	74	74
Am. Tele. & Tel.	251	251	Denny's	124	124	Hilti (H.J.)	214	214	Singer	551	551	Singer	551	551
Amf	251	251	Dentis Int'l	16	16	Hilti (H.J.)	215	215	Skyline	551	551	Skyline	551	551
Amplex	154	154	Detroit Edison	156	156	Hilti (H.J.)	216	216	Smith Kline	551	551	Smith Kline	551	551
Amsted Inds.	323	323	Diamond Int'l	353	353	Hilti (H.J.)	217	217	Sonic Bank	128	128	Sonic Bank	128	128
Anchor Hocky	143	143	Diamond Shamk	271	271	Hilti (H.J.)	218	218	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Aracruz	151	151	Digital Equip.	591	591	Hilti (H.J.)	219	219	South Natl. Rep.	504	504	South Natl. Rep.	504	504
Archer Daniels	261	261	Dillingham	270	270	Hilti (H.J.)	220	220	South Pac. Tel.	551	551	South Pac. Tel.	551	551
Armos	256	256	Dixie Tissue	241	241	Hilti (H.J.)	221	221	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Armstrong Ch.	125	125	Dodge	251	251	Hilti (H.J.)	222	222	South Pacific	551	551	South Pacific	551	551
Asmers Oil	182	182	Dow Chemical	291	291	Hilti (H.J.)	223	223	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Aspero	314	314	Dow Jones	371	371	Hilti (H.J.)	224	224	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Atchison, Topeka & Santa Fe	251	251	Duke Power	104	105	Hilti (H.J.)	225	225	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Auto-Data Prog.	335	335	Duffy	151	151	Hilti (H.J.)	226	226	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Autos	251	251	Duke Power	151	151	Hilti (H.J.)	227	227	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Avary Inds.	174	174	Dunbar	104	104	Hilti (H.J.)	228	228	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
B&T	104	104	Dunbar	104	104	Hilti (H.J.)	229	229	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
B&G Gas & El.	182	182	Dunbar	104	104	Hilti (H.J.)	230	230	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
B&G Steel	184	184	Dunbar	104	104	Hilti (H.J.)	231	231	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
B&G Water	174	174	Dunbar	104	104	Hilti (H.J.)	232	232	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
B&P	251	251	Dunbar	104	104	Hilti (H.J.)	233	233	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Brockway Glass	135	135	Dunbar	104	104	Hilti (H.J.)	234	234	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
Brown & Root	194	194	Dunbar	104	104	Hilti (H.J.)	235	235	Southern Cal. Edison	104	104	Southern Cal. Edison	104	104
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FT SHARE INFORMATION SERVICE

John Foord + Co
industrial
auctioneers

BRITISH FUNDS

Hip. Low Stock Price + - % Net. Yld. Yld.

"Shorts" (Lives up to Five Years)

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Thursday March 27 1980

NEWS SUMMARY

GENERAL

Begin blow to Palestine hopes

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

WILLIAMS AND GLYN'S Bank of negligence and breach of duty and contract both to him and his company, and was not entitled to repayment, was dismissed.

Most of the money lent had been to enable Mr. Barnes to buy additional shares in Northern Developments. He alleged that the bank had contributed to the company's collapse and so eroded the value of the shares which he had given as security for the loans.

The hearing had lasted 104 days and the costs have been officially estimated at £500,000. Yesterday the judge gave a 50-minute summary of his decision before handing down a seven-volume 200,000-word written judgment.

Mr. Justice Gibson rejected Mr. Barnes's argument that the bank had assumed the role of adviser to Northern, to which it had granted an overdraft facility of £6.5m, and was therefore liable to pay damages to the company for any losses it incurred.

Mr. Barnes's counterclaim that the bank had been guilty

The decisions taken by the bank in relation to the company had been sensible and reasonable at the time they had been made, he said. The bank could not have foreseen the troubles that were to arise in 1978, such as the Middle East War and the three-day week.

The judge observed that Northern had not, itself, seen fit to sue the bank and the bank had not been guilty of any breach of duty or contract to the company.

Mr. Barnes's contention that the bank had owed him a duty as a customer not to let him borrow money when it would be imprudent for him to do so was also rejected. Mr. Barnes had not asked Williams and Glyn's to advise him and the bank had not assumed any duty to do so, said the judge.

Williams and Glyn's was right in its contention that money lent was repayable on demand if there had been no agreement to postpone the right to repayment.

TUC urges support for national day of action

BY CHRISTIAN TYLER, LABOUR EDITOR

TUC leaders yesterday called for a national stoppage of work on May 14, when most public transport and many manufacturing companies are likely to shut down.

It is intended as a political protest against Government economic and social strategies.

Leaders of road and rail transport unions are to co-ordinate instructions to their members following guidance to all unions issued by the TUC general council.

National newspapers will not appear that Wednesday morning, because of a decision by print union SOGAT (Society of Graphical and Allied Trades) to call out its Fleet Street members.

The general council stopped

short of declaring a general strike, the course urged by the National Union of Railwaysmen. However, union leaders made it plain after the meeting that they intended to do what they could to close Britain down for the day.

Emergency services will be

maintained as trade union members organise rallies and marches in regional centres and lobby local councils and education offices.

Mr. Len Murray, TUC general secretary, said the purpose of the national stoppage was to change the Government's policies by encouraging workers to exercise their right to withdraw labour.

Mr. Murray was anxious to

avoid any impression that the TUC was working for the Government's downfall.

He said the proposed action was common in Holland, Belgium, France and Italy. "We are a bit behind-hand in using this technique," he said.

It was constitutionally incorrect for the TUC to instruct unions what to do. Instead, unions would be asked to encourage the maximum possible participation.

Yesterday's general council meeting was lobbied by steelworkers from plants including Consett, Co. Durham, and Llanwern and Port Talbot, South Wales, which face the largest loss of jobs from the British Steel Corporation's

retrenchment plan.

Kennedy back in presidential race

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

SENATOR Edward Kennedy's faltering campaign for the Democratic Party's Presidential nomination was overflowing with optimism yesterday.

This followed two unexpectedly decisive victories over President Carter in Tuesday's primaries in New York and Connecticut.

In both States Mr. Kennedy exploited growing discontent with President Carter's record in domestic and foreign policy.

He carried New York by 58 per cent to 41 per cent, picking up 164 convention delegates to 118 for Mr. Carter; and Connecticut by 47 to 41 per cent in the popular vote and by 29 to 25 in the apportionment of delegates.

This still leaves the President with a big lead in the race to secure the 1,666 delegates needed to win the nomination.

Precise counts differ because in some States the selection process is not complete, but Mr. Carter is generally reckoned to have won about 750 delegates compared with only 400 or so for the senator.

On the Republican side, Mr. Ronald Reagan, the front runner, also lost a primary in Connecticut. It was in Connecticut

that Mr. Bush received 38 per cent of the vote, Mr. Reagan 34 per cent, and Congressman John Anderson 22 per cent, with delegates being split 15 to 14 to six respectively. This narrow defeat for Mr. Reagan was more than overshadowed by his success in New York.

In the second largest State there was no Republican preference primary, only a blind poll to select delegates. But Mr. Reagan appears to have won at least 90 of the 123 available, against six for Mr. Bush and only one for Mr. Anderson.

With 998 needed for the nomination, Mr. Reagan now has 314 assured delegates, compared with 68 for Mr. Bush and 47 for Mr. Anderson.

Both the Kennedy and Carter camps agreed on the reasons why the senator won the two primaries, which broke a long series of defeats at the hands of the President, interrupted only in Massachusetts, his home State, earlier this month.

Mr. Kennedy said the voters had sent a clear and powerful message not only to Washington but across the country that they can no longer afford an inflation

Kennedy's message, Page 4

rate of 18 per cent and interest rates that match."

Mr. Jody Powell, presidential Press secretary, ascribed the results to "Murphy's law—if anything can go wrong, it will."

He cited the U.S. vote against Israel in the United Nations (which enabled Mr. Kennedy to sweep New York's heavy Jewish vote by more than 3-1), the uncertainties over the fate of the U.S. hostages in Tehran as a result of the movement of the deposed Shah to Egypt, and a host of bad economic news.

Mr. Robert Strauss, Mr. Carter's canny campaign manager, bluntly stated that these problems "all rolled together in the last few days."

But, he said, the twin setbacks only represented "a dip in the road" to the nomination and that the President was still the clear favourite.

It was apparent that many of the undecided voters, weighed down by disturbing economic and foreign developments, switched in the last few days to the Senator. This outweighed burdens he has carried until now, particularly Chappaquiddick and the perception that his liberalism was outdated.

Kennedy's message, Page 4

Union leaders call for BL Cars strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS union leaders yesterday called for an all-out strike of the 85,000 manual workers against the company's decision to impose a 5 per cent pay increase linked to changed working practices.

The strike is planned to start on April 8, the date chosen by BL to implement the package after the breakdown of five months' negotiations.

Mr. Grenville Hawley, Transport and General Workers' Union, national automotive secretary, said: "We have always hoped there would not be a strike. Now we are not running away from it any more."

He was confident the executives of the 11 manual unions in BL Cars would endorse the BL chairman.

Union leaders have found it difficult to get shop-floor support for strike action, against the company's troubled background.

Shop stewards at Jaguar, Coventry, gained a majority of only 69 from the 4,000-strong workforce at the Browns Lane plant for a strike from Monday.

Giscard urges package deal on EEC issues

By David White in Paris

PRESIDENT Valery Giscard d'Estaing yesterday repeated France's view that the row over Britain's EEC budget contribution can be settled only in a package agreement including other Community issues.

M. Giscard said the postponed

meeting of the EEC summit, originally due next week, should be used for "careful preparation" for the meeting.

The questions France is seeking to link to the budget issues are essentially those of agricultural prices and—in the French view, less difficult to solve—that of the "sheep war". Official sources made clear that France was not seeking to bring in other questions such as fishing or access to Britain's North Sea oil.

John Wyles adds from Brussels: EEC governments still cannot agree on new dates for the postponed heads of government meeting, despite fresh diplomatic efforts.

Moreover, it now seems that if the summit does take place next month its venue may well be switched from Brussels, the original site, to Luxembourg.

Lever to speed steel inquiry

By Christian Tyler, Labour Editor

THE COMMITTEE of inquiry appointed by the British Steel Corporation and the trade unions to resolve the 13-week-old national steel strike, will hold public hearings over the weekend.

If the committee is able to give its verdict on steelworkers' pay early next week, the strike could be called off at Easter. But the principal unions in the dispute, the Iron and Steel Trades Confederation and the National Union of Blastfurnace Workers, will not automatically accept the committee's findings, and intend to consult their negotiators over the findings.

Plainly, this medium-term message is highly bullish.

The problem, as ever, remains one of transitional credibility.

Whatever the medium-term inflation prospects, the short-term Treasury forecast is for a 1.4 per cent rise in prices over

the next year, which in itself

does not make a 1.4 per cent

yield on gilt-edged any great

apprehension in equities.

The biggest innovation is the

appearance, at last, of the cele-

brated medium-term fiscal and

monetary framework, which sets

out the rate of shrinkage of

the PSBR from 5.4 per cent of

GDP in 1978-79 to 1.4 per cent

in 1983-84; in the coming financial year, which in itself

does not make a 1.4 per cent

yield on gilt-edged any great

apprehension in equities.

The chairman of the commit-

tee is Lord Lever of Man-

chester, the Labour Peer who

was Mr. Harold Lever's

financial adviser to both the

Wilson and Callaghan govern-

ments.

Lord Lever, although

credited with one of the best

financial brains in the Labour

Party, has not before adjudicated in an industrial rela-

tions dispute.

Sir Richard, also a former

Labour Cabinet Minister and

later chairman of British

Rail, is chairman of the British Iron and Steel Consumers' Council and the Newspaper Publishers' Association.

Mr. Keys is general secre-

tary of the Society of

Graphical and Allied Trades

and chairman of the TUC

printing industries commit-

tee. A left-of-centre trade

union leader, he is one of

the union members of the

Committee of Inquiry on the

Labour Party constitution.

The steel inquiry is chaired

with "determining" the per-

centage pay increase for the

132,000 strikers, based on an

already agreed charter of

productivity concessions.

The BSC's final offer was

a rise of 10 per cent at

national level, with another

4 per cent at least in return

for locally-negotiated reduc-

tions in manning and pro-

ductivity improvements. The

unions are demanding 14 per

cent nationally and 5 per

cent locally.

BSC starts redundancy

payments Page 8

THE LEX COLUMN

The medium term is the message

Index rose 4.8 to 435.1

This was a sober Budget

with nothing in the way of

flashy short-term incentives to

please the financial markets. To

this extent, the initial reaction is likely to be one of

mild disappointment for gilt-

edged, where a public sector

borrowing requirement of

£